

Fixing the Price of Sugar

Canada, 1887 – 1920

Selected, Transcribed and Annotated
By Chris Willmore

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1887 – 1888

“Who cares a hang for the consumer?” (August, 1887)¹

Price-fixing in sugar amounted to a chain, with the links being sugar refiners, wholesale merchants and retail merchants. Violating the price-fixing agreement would see a retailer’s or wholesaler’s supply of sugar cut off. Foreign sugar was not a credible competitor, due to high import tariffs.

The tyranny of the sugar combination has been so remarkable that it could not escape condemnation, even by those journals and classes of people who are inclined to excuse, if not to justify, such associations. The sugar combination includes, it is understood, all classes of traders and manufacturers of the article. The refiners fix the prices at which they sell to the wholesale merchants, the wholesale merchants, not, we believe, without some assistance from the refiners, fix the prices at which they sell to the retailers, and the retailers fix a price at which they will sell to the public. If a retailer breaks the agreement and sells below the fixed price, the wholesale merchants are bound by their agreement to refuse to supply him, and if a wholesale merchant makes a cut on agreed prices he will have to pay a forfeit and will not be supplied by the refiners. If a wholesale merchant refuses to join the Association, the refiners, at the instance of the other members of the “combine,” refuse to sell him sugar except at a price which precludes him from buying and then selling in competition with the members of the combination. This beautiful arrangement practically enables refiners to raise, by a mere scratch of the pen, the price of sugar without demur on the part of the trade. The refiners have only to raise the price one eighth or one quarter of a cent, and the other associations follow at once and no one in the trade is one whit the worse.

The consumer suffers, but then, in the words of the monopolist, “who cares a hang for the consumer?” The consumer is merely a man to make money out of. Yet these same consumers, by their votes, grant the refiners protection against outside competition of, on white sugars for instance, one and a half cents a pound specific, thirty-five percent *ad valorem* and a further duty of seven and a half percent, calculated upon the aggregate of these two duties. An importer has actually paid two and nine-tenths cents per pound duty on white sugar, which he will sell in competition with Canadian sugar and yet expect to make a profit.

Are the consumers satisfied to deprive themselves of the power of buying white sugar at four cents and to bind themselves to pay the refiner two and nine-tenths cents per pound more in order that the refiner and the wholesale merchant may be able to combine and by tyranny extort still more from them?

¹ From A SURE CURE. (1887, August 22). *The Montreal Daily Witness*, p. 3.

“The weak spot of the grocery trade” (August, 1887)²

Canadian wholesale grocers once used sugar as a loss leader, leading to an unprofitable price war as various firms scrambled to advertise the lowest price for sugar. Cooperation among wholesalers started as an attempt to stop this practice. The destruction by fire of Montreal’s St. Lawrence refinery lowered the output and raised the price of Canadian sugar, magnifying the gains from cooperation and the losses from continued rivalry.

Sugar has been the weak spot of the grocery trade for years in both this country and the United States, but while the American trade papers are commending the business sagacity of the Canadian wholesale grocers in attempting to stop the cut-throat policy of making this standard article a “leading” line and selling it at or below cost, we find Canadian journals appealing to popular prejudice and endeavoring to force the trade to return to the old ruinous system. [...]

From beginning to end, the whole question is simply one of profit or loss. The old style of doing business brought in its train losses, bickerings and instability, while the new plan is meant to remedy this – to give stability and profit. [...] The handling of sugar became so unprofitable to grocers that they wanted to have nothing to do with it, and overtures were made to the refiners to undertake the sale of their product for themselves. Here, then was a crisis which the refiners and the grocers’ guild saw required prompt and decisive action, and the result was what is now known as the sugar “combine.”

The first cost of the sugar at the refinery is not the result of any combination. [...] It is not a dictated price, but a market price, and a recent advance³ was the result of natural causes, the wiping out by fire⁴ of a large producing refinery here, and the gradual strengthening of the foreign market for raw sugars. It may be taken for granted that the market price for granulated sugar at the refinery would have been 6¾c to-day if the combination had never come into existence. The wholesale grocers saw that two things were wanted, a moderate profit and fixed prices⁵. By an arrangement [...] they have made sugar yield them a meagre profit of 4 to 5 per cent., which is certainly nothing to cause such a great disturbance when it is considered

² From THE SUGAR COMBINATION. (1887, August 27). *The Montreal Gazette*, p. 2.

³ “The Canada sugar refinery to-day put up the price of sugar an eighth of a cent. per pound, owing to the increased demand due to the fire.” MORE VICTIMS OF THE FIRE. (1887, July 16). *The Ottawa Journal*, p. 1.

⁴ “MONTREAL, July 15. – Between six and seven o’clock this morning, what proved to be the most serious fire in Montreal for some time, broke out in the St. Lawrence Sugar Refinery, which is situated on Queen street and extends right through to King street. The whole fire brigade were called out but they were powerless to save the seven-story brick building, which soon was one seething mass of flame, which was burned to the ground.” A DISASTROUS FIRE. (1887, July 15). *The Ottawa Journal*, p. 1.

⁵ “The wholesale grocers here have advanced the price of sugar one-eighth of a cent per pound. This makes an increase of one-fourth of a cent. per pound since the sugar refinery fire at Montreal.” NOTES FROM THE CAPITAL. (1887, July 26). *The Montreal Gazette*, p. 1.

that 10 per cent. is barely a living profit, and some staple articles in the regular grocery trade turn a profit of 10 [to] 20 per cent.

Out of 106 grocery firms in Quebec and Ontario, 103 subscribed their names to an agreement obliging themselves to sell granulated sugar at an advance of $\frac{3}{8}$ c per lb., representing an actual profit of about $\frac{1}{4}$ c. The list of firms being furnished by the Grocers' guild to the refineries, the latter agreed to sell to those named on the list at the regular market price, but those houses not named on the list, who thus showed their reluctance to sell at a profit, were disposed of by the refiners declining to sell to them except at an advance of $\frac{1}{2}$ c over the market price charged to their confreres. The three firms outside of the pale comprise one in Quebec city and two in Montreal. The Quebec house has not been heard from. It is stated that some of the members of one of the city firms were most energetic in the early stages of the combination, and the other firm was ready to sign for the Province of Quebec but not for Ontario. Both of these have signed other combination price lists. Despite the present outcry, the combination narrowly missed being unanimous.

[The] the present refinery market price for granulated sugar [is] $6\frac{3}{4}$ c. The selling price of the wholesale grocers to the retail trade⁶ is 7c for fifteen barrel lots, and $7\frac{1}{8}$ c for single barrels in this city and to points east of Cocteau, Que. West of that village an additional $\frac{1}{8}$ c is charged, freight being prepaid. These figures can scarcely be called excessively, with yellows selling at $5\frac{1}{4}$ c to $6\frac{1}{4}$ c to the retail trade.

Under the old system, sugar was frequently sold below cost to induce orders for other goods. Stock bought at \$6 per 100 lbs. in 250 barrel lots from the refiners has been sold at \$5.90, for instance, in single barrels, and no one can deny that this was a most reprehensible practice and calculated to undermine and destroy business. The price of sugar came to be accepted as a standard of values by country buyers, and wholesale merchants who attempted to sell at a bare profit had no sooner attempted orders from their travelers when the buyer, hearing of the "cut" by the rival traveller, would write down, "throw $\frac{1}{8}$ off my sugar or cancel the whole order." Recent letters from country points speak of the benefit of fixed values, as traders now know their neighbor is not buying at a lower price than they are obliged to give. [...]

The bounty-fed sugar of Germany, France and other countries, while it has disastrously ruined the English refiners, has made Great Britain a land of cheap sugar. It is said that the agent of a Scotch house has offered granulated here at $6\frac{3}{4}$ c, or equal to $6\frac{7}{8}$ c all charges paid. The anti-combiners claim to sell Scotch sugar at 7c and make no loss after handling, while the local refinery sells at $6\frac{3}{4}$ c, but the wholesale grocers being pledged to an advance of $\frac{1}{4}$ c to $\frac{3}{8}$ c, this makes the price to the retail customer 7c to $7\frac{1}{8}$ c. One firm has imported and sold 177 barrels and claim to have purchased 1,200 barrels more, which is being shipped. The other firm has

⁶ "There is a strong probability that the retail grocers will soon be forced to raise the price of sugar again, this time a $\frac{1}{2}$ c. per lb. Since the fire in the Montreal refinery, the wholesale trade has raised yellow sugar a $\frac{1}{2}$ [?] c. lb. and granulated $\frac{5}{8}$ [?] c. lb. and the retailers raised granulated 1c. per pound. And now they will likely make a second advance; their stocks are running out, and when they buy it will be at an advance of from a $\frac{1}{2}$ to $\frac{5}{8}$ [?] c. Yellow sugar is very scarce and firm. These prices will likely last till the other Montreal refinery is rebuilt, which will not be before two months anyway. The present price is 8c. lb." Sweetness Must be Paid For. (1887, August 12). *The Ottawa Journal*, p. 3.

already imported a small lot of 10 barrels and claims to have purchased 500 barrels, said to be now on passage. The sugar imported paid a duty of \$2.89 per 100 lbs. The anti-combiners' price of 7c does not cover freight to Western points, and the additional ½c in the local combination Western price given above is accounted for in this way. It is claimed by some that the imported sugar is in reality American granulated repacked in barrels, and if this is confirmed it will have to pay an extra duty.

While combinations are to be deprecated as a rule, [...] there [are] always two sides to every question. [...] The consumer is not to blame for getting what he can at the cheapest price, and excessive profits at the expense of the public are certainly not to be endured. On the other hand, the wholesale merchant who has a large interest at stake cannot be expected to pay rent, wages and taxes and do business for nothing. The profit is certainly not excessive in this instance.

The stand taken by two of our enterprising firms has found many admirers, and they have a perfect right to carry on business in their own fashion and as they think best. They champion the cause of freedom of trading and decline to be governed by the rule of the majority. Under freedom of action sprang up, unfortunately, reckless competition and unfair trading, and these foes had to be grappled with vigorously as the trade had already been run to the ground. The experiment of bringing in sugar from Great Britain was a bold move and proves that the authors, if proof is necessary, are capable and energetic men. If it can be sold even at an infinitesimal profit in competition with Canadian refined sugar, as proved, the profit of the refiners is at once called in question, as even allowing for the present small profits obtained by the grocers, the heavily protected refiner should be in a position to quote a price which would enable to wholesale trade to easily undersell the outside product. It should be mentioned, however, that the refiners have to pay a high rate of duty on the raw product used by them.

“Unjust in spirit and inaccurate as to facts” (August, 1887)⁷

The Wholesale Grocers' association saw the sugar agreement as a loss-prevention measure, rather than a profit-enhancing one. They also pointed out that such agreements were accepted, common practice in other lines of business.

At a meeting of the Wholesale Grocers' Association, held the other day, the following resolution was adopted:

Resolved – That the sugar agreement entered into by the wholesale grocers of the Dominion having of late been the subject of certain articles in the newspapers of the city, which were unjust in spirit and inaccurate as to facts, the Montreal branch of the Dominion wholesale grocers' guild hereby protests against said misrepresentation, and declares that the sugar agreement is not a “tyrannical” combination for “imposition or extortion,” but simply an arrangement between dealers to prevent granulated sugars from being sold at, or even under, cost, as was

⁷ From NOT TYRANNICAL. (1887, August 27). *The Montreal Gazette*, p. 3.

done prior to the inception, the subjoined figures and statements being submitted to prove the reasonableness of the argument.

That of over one hundred wholesale merchants in all the provinces of Ontario and Quebec only two or three refuse to comply with the terms of the Sugar Agreement, and while those who champion that small minority applaud its action as proceeding from principle, it is known to the association that the firms composing the minority are parties to other agreements of like nature, and sell various articles at combination prices; also, that owing to the cutting of prices before the existence of the Sugar Agreement, some of those who now oppose it then expressed a wish for such a combination and, further, that the non-signing firms may benefit in many respects by the rules and regulations adopted by the association.

MEMORANDUM

Price of granulated sugar at refinery to wholesale grocers, per 100 lbs.	\$6.75
Cash discount in 14 days, 2½ per cent	<u>0.17</u>
	6.58
Cartage from refinery to store	<u>0.02</u>
Actual cost in store	6.60
Cartage from store to retail dealer	<u>0.02</u>
Cost to wholesale dealer	<u>6.62</u>
Price to retail dealer in lots of 15 brls, per 100 lbs	\$7.00
Cash discount in 15 days, 1½ per cent	<u>0.10½</u>
Cost to retail dealer	<u>6.89½</u>
Leaving profit to wholesale dealer of	<u>0.27½</u>

From this profit of 27½c per 100 lbs (about 4 per cent.) has to be deducted cost of insurance, rent and loss of interest. An additional charge of ¼c per lb is made to buyers of less than fifteen barrels. The price to Ontario dealers is ¼c per lb over foregoing quotations, but the wholesale merchants in many instances pay the freight.

“The Sugar Robbery” (August, 1887)⁸

High tariffs allow refiners to charge high prices for sugar. Despite this protection, some independent grocers found it profitable to import sugar rather than pay the price charged by refiners to non-Guild members.

Granulated sugar is quoted to-day at 5¾ and 6⅞ per pound. This is the price agreed upon by the combined grocers and the refiners. There are two grocers, however, who are not in the “combine,” and they are fined by the refiners for staying out of the combine so heavily in the shape of an addition to the regular price of sugar that they have been driven to importing sugar in spite of the heavy “protective” duties

⁸ From THE SUGAR ROBBERY. (1887, August 24). *The Manitoba Free Press*, p. 2.

which, by the way, enable the refiners to play the tyrant. One of these firms has imported a quantity of granulated sugar, on which it was forced to pay a duty of \$2.89 per 100 pounds. Yet this importer says that he will reap a profit on this transaction. It is to be presumed he will be compelled to sell this granulated sugar at the same price as the Canadian sugar, namely 6¾ [sic.] to 6⅞ cents per pound. Deduct the amount of the duty, namely, 2 9-10 cents per pound, from the above prices, it would appear that if there were no protective duties on sugar the price in Canada to-day of fine white, imported, granulated sugar would be about four cents per pound or perhaps a fraction less. As there are no transportation charges on the imported sugars it is clear that either the Canadian refiners are using antiquated methods of refining sugar or else they are making enormous profits. It has been denied that the refiners were protected to the extent of two cents per pound on sugar, but here is actual proof that they are protected to the extent of 2 9-10 cents per pound over and above the protection afforded by the cost of carriage and other charges.

“The Protection on Sugar”⁹ (August, 1887)

The previous analysis forgot that Canada’s sugar refiners import their raw material, and so must also pay import duties. Once the tariffs on raw sugars are taken into account, the protection granted to Canada’s refiners is arguably modest, and in line with the practice of the United States and many European countries.

The controversy which has been recently revived on the subject of the protection afforded to the sugar refining industry by the tariff, divides itself into two branches – the wisdom of protection and the amount of the protection. As to the first branch, there is now but a feeble opposition presented. Germany, France, Belgium, Russia, the United States, have all extended special fiscal aid to the industry of sugar refining; Canada, nine years ago, adopted a like policy, and only Great Britain has obstinately refused to protect the industry from the drawback and bounty systems of other countries, with the result that her refineries have become unprofitable, many have been closed, and hundreds of workmen have been thrown out of employment. [...] It is not necessary at this day to argue at length in support of the policy that now prevails, approved as it is by the logic of facts, by the experience of the people, and by the example of the United States and the principal European countries.

There is, however, the other question of whether the amount of fiscal protection afforded is unduly large, so large in fact as to permit of combinations among refiners to extort exorbitant profits from consumers. The *Witness* declared the other day that the measure of the protection enjoyed by Canadian refiners is \$2.89 per 100 pounds, basing its figures upon the duty charged on a recent importation of Scotch granulated, but [...] no regard was taken of the duty on raw sugars which the Canadian refiner is compelled to pay, and by which the amount of his protection is reduced.

The actual facts are these:

⁹ From THE PROTECTION ON SUGAR. (1887, August 25). *The Montreal Gazette*, p. 4.

Scotch granulated-		
At 16s. per cwt.	\$3 47	per 100 lbs.
Less 2½ p.c. discount	0 09	
	<hr/>	
	\$3 38	
Add commission, 1¼ p.c.	0 04	
Value for duty	\$3 42	
	<hr/>	
Pays duty, specific 1½c per lb	\$1 50	
And 35 p. c. ad val.	1 19	
And extra duty, 7½ p.c.	0 20	
	<hr/>	
		\$2 89

While raw sugar (centrifugals) on basis of 96 degrees pays \$1.87, or if of similar test to Scotch granulated	<hr/>	1 97
Difference (or protection to refiners)		\$ 0 92

West India grocery sugar	\$2 62½	p. 100 lbs.
imported for consumption, at		f.o.b. ¹⁰
Pays duty – specific 1c per lb.	1 00	
And 30 p. c. ad val.	0 79	
	<hr/>	
		\$1 79

While raw sugar for refining purposes, of similar test, pays	<hr/>	1 63
Difference		\$ 0 16

The protection actually enjoyed by the Canadian refiners against Scotch granulated is, it will be seen, 92 cents per 100 pounds, while against West India grocery sugars the protection is only 16 cents per 100 pounds, certainly not a margin unduly high, or one that permits of combinations of refiners to unduly advance prices.

Startling Facts Laid Bare¹¹ (September, 1887)

Mr. Wm. Paterson¹², in his admirable address at the Victoria Theatre last Wednesday, laid bare startling facts relating to the enormity of the sugar monopoly fraud. In clear, pointed language he enlarged on the subject, making it so plain that a child could understand, the injustice which is being inflicted on the Canadian public under the operations of the tariff in sugar. In the east the matter is being discussed through the press and platform. The public, taking alarm at the position in which a complete monopoly would have placed them, are beginning to appreciate their position. After the St. Lawrence sugar refinery was burned an effort was made to

¹⁰ Free On Board, that is, the buyer pays shipping.

¹¹ From THE SUGAR MONOPOLY. (1887, September 10). *The Victoria Daily Times*, p. 2.

¹² William Paterson (1839 – 1914) would serve as Canada's Minister of Customs from 1897 to 1911.

form a combination between the Redpaths, the Moncton and Halifax refineries in order to regulate the price at which sugar was to be sold to the trade. A few of the leading wholesale houses were brought within the precinct of this combination. Others for substantial reasons decline being parties to such an unholy alliance – for its object was to filch from the pockets of the people, the struggling as well as the opulent, money wherewith to enrich their own coffers. The second largest grocery house in the Dominion, that of Messrs. Lightbound, Ralston¹³ & Co., of Montreal, did not enter the compact. An effort was made to prevent their handling any sugar. The firm went quietly to work and cabled to Greenock, Scotland, for quotations. Finding it possible to supply the Canadian market with a foreign article, equally as good as the home production, and at a much less figure than that charged by the Canadian sugar monopolists, an order for a couple of thousand barrels was cabled for. The order was considered to be a mere sample one. On its arrival in Montreal consignments were sent to different parts of the country. The result of which is that a complete revolution of the sugar trade in Canada will take place. In almost every exchange received appears the advertisement of retail dealers offering “Scotch granulated,” claimed to be far superior to the home-made article, at the reasonable price of 14 pounds for \$1. Extra bright Porto Rico – a pure and sweet article – at 17 pounds for \$1. These are figures far below the prices charged for the Canadian-made article.

At the last general election the sugar question was one of the knotty problems which was warmly discussed. Many people seemed to imagine that because that commodity had been cheaper in Canada for a number of years back than it had formerly been, that therefore the protective system had not enhanced its cost to consumers. The fact was lost sight of that sugar had been greatly cheapened the world over. In connection with this subject it may interest our readers to learn how the trade is conducted in Britain. An intelligent, shrewd, observing correspondent, writing on the subject, says:

“On a recent visit to the country, I observed that beautiful crystallized Demarara was ticketed in London at 3c. per lb., and good light brown at 2½c., or 40 lbs. for a dollar. In order to convince the most sceptical, I brought with me from Glasgow three price lists, taken at random from as many retail grocery stores, all selling about the same rate. From one of these I purchased three varieties of sugar, viz., loaf, crystallized and granulated, each costing 4c. per lb., or 25 lbs. for a dollar. Compared with what I have bought since returning, costing 8½c. per lb., or 12 lbs. for a dollar, the Glasgow granulated is superior. I also purchased some half-dozen varieties of candies, at the rate of 6c. per lb., or 7 lbs. for 40c. I don’t know what the price is here, except of one variety, white carvies¹⁴, for which I have been always charged 40c. per lb. In Glasgow I got exactly 7 lbs. for that amount. Immediately on putting foot in Canada, our paternal government – as I had anticipated – called on me to ‘stand and deliver,’ and their customs’ officer very blandly examined my box and invoice, charging at the rate of 35 per cent. and 1¼c. per lb., or exactly two-thirds the cost of the sugar, for which, of course, I hold a receipt.”

¹³ James Ralston died in early 1886, but his name remained attached to the wholesale business.

¹⁴ Candied caraway seeds, possibly descended from the *comfits* of Elizabethan banquets.

“Some Action is Necessary”¹⁵ (September, 1887)

The Wholesale Grocers' Guild have raised the price of granulated sugar $\frac{1}{2}c.$, making it $7\frac{1}{2}c.$ per lb. The Retail Grocers' Association feel that some action is necessary on their part, but it is not likely that they will take any action until the new officers are installed.

Consumers Lose, Retail Grocers Lose More¹⁶ (October, 1887)

Retail grocers objected to the limitations placed on them by the agreement between the wholesale grocers and refineries.

The annual meeting of the Grocers' association was held, last evening, in the Hope Coffee house. [...]

Mr. J. Robertson said the sugar combine was unjust – that men should be dictated to as to how they were to buy sugar, from whom and at what price. It was monstrous that a person who had been buying from the refiners for twenty years be told that he could not buy from them any more. Three or four men sitting in one office should not be allowed to dictate to the trade. It was – he would almost say swindling – certainly illegal, for it was conspiracy, and that was clearly illegal.

Mr. [Thomas] Gautier [, newly elected president,] endorsed all the last speaker had said. [...] The consumers lose a great deal, but the retail grocers a great deal more.

Mr. [John] Robertson objected to a mass meeting; it would surely assume a political character. The refiners had too much protection and could afford to divide it with the wholesale merchants.

Mr. [George] Graham said that no distinction should be made, all should be put on the same footing at the refinery, the wholesaler and retailer, so long as the retailer was prepared to purchase the requisite quantity.

Mr. Fraser said the combination was got up by the wholesale guild going to the refiners. The *Witness* had accused the retail grocers of forming a combination, and although he had written to that paper, it had never yet acknowledged that it was wrong.

As far as the retail trade of Montreal was concerned, at any rate, there never had been a combination, nor was there one now, and he hoped there never would be a combination to control the price of sugar or any other article that consumers required. [...]

It was moved by Mr. Stewart, seconded by Mr. Cotte:—

That this meeting of the Grocers' Association of Montreal desire to record their protest against the unjust combination which at present exists between the sugar refiners and the wholesale grocers' guild, and that the executive committee of this

¹⁵ From DOMINION DOINGS. (1887, September 14). *The Ottawa Daily Citizen*, p. 1.

¹⁶ From THE SUGAR COMBINATION. (1887, October 7). *The Montreal Gazette*, p. 5.

association be requested to take the matter up at once and endeavor to secure a satisfactory and feasible arrangement with the sugar refiners.

Several of the members expressed their readiness to import sugar at a loss rather than put up with the present state of things.

The motion was passed unanimously amid the greatest enthusiasm and the meeting then adjourned after a hearty vote of thanks to the retiring president, Mr. George Graham.

“Against the grasping monopoly”¹⁷ (October, 1887)

Wholesale grocers sent traveling agents door to door to solicit business from retailers. Some of these “travelers” were turned down in protest against the agreement. This from protest was unlikely to last through the winter, when the seasonal increase in transportation costs would make imported sugar a less viable substitute for the Canadian refiners’ product.

Montreal, 24th. – The interest in the sugar combination increases here and every new feature is eagerly canvassed and discussed. The combination say that the formation of the sugar trust across the lines strengthen their hands, as it shows how the idea is spreading. The non-combiners are not dismayed, however, and J. A. Mathewson & Co.¹⁸, one of the recalcitrants, said their position was not in the least weakened but on the contrary was stronger than before. The general sense of the country is daily increasing in strength against the grasping monopoly. Their travelers are being driven from door to door without orders, and scores of them are using their principals to retire from the combination. The fight only required to be sustained a little longer and the mighty combine will be a thing of the past. Said one wealthy retail grocer: “We told the traveler for one of the foremost houses in the combination that so long as he remained a member of the monopoly he need not call.” The summer freight on sugar from Liverpool has been ten shillings per ton, and the winter rate will be twenty shillings, which would make the British sugar cost over the present combination price, but to forestall this, J. A. Mathewson & Co., to-day called for a round lot to be handled before the close of navigation, which will enable them to keep up the fight. The Knights of Labour¹⁹ have taken the matter up, and one Montreal assembly has resolved to buy only from those retail grocers who obtain their supplies from the non-combiners.

¹⁷ From SUGAR MONOPOLY. (1887, October 25). *The Ottawa Daily Citizen*, p. 1.

¹⁸ Founded in 1834, it was located at 200-206 McGill Street, Montreal, and renamed ‘Mathewson’s Sons’ in April 1905 after the death of its founder. “The Oldest Grocery Firm in Montreal” “will not handle tobacco, liquor nor adulterated goods.” MATHEWSON’S SONS [Advertisement]. (1905, April 26). *The Montreal Gazette*, p. 6.

¹⁹ A North American labour federation founded in 1869, which lobbied for worker interests. By 1887 it had lost most of its membership to the American Federation of Labor, founded in 1886.

“Their last shot is not fired”²⁰ (January, 1888)

Outsiders suspected the Grocers’ agreement was unstable, due to the incentive for individual Guild members to cheat and give certain clients secret discounts.

Montreal, 12th. – J. A. Mathewson & Co. have not joined, as has been reported, and do not intend to join the sugar combination. They will fight to the last ditch and will resist in every way the efforts of the grinding monopoly to crush them. Mr. Mathewson characterizes it as the most iniquitous, oppressive and tyrannical ring he ever heard of in a business experience of half a century. They will sell sugar at cost and do the sugar part of their business for nothing rather than have their liberty trammled and curtailed or be robbed of that inherent right of every British citizen to conduct his own affairs in his own way. No gagging or bull-doing will have any effect. Their last shot is not fired, and their pluck and determination is as buoyant as ever. As one of the partners said to-day, a turn in the tide is sure to come; the sentiment of the country is becoming outraged, and Parliament cannot afford to ignore such a burning question. Far more dissatisfaction exists in the ring than outsiders suspect. Jealousy of each other is rapidly gnawing their vitality. One suspects and carries tales about his opponents cutting the combine prices on the sly, or giving an equivalent cut in other goods, where sugar is charged at combine prices.

“The Guild is a secret society”²¹ (February, 1888)

Refiners charged non-Guild members a higher ‘boycott’ rate on sugar. Non-Guild members fought back by importing sugar.

Montreal, 9th. – Since the celebrated Board of Trade meeting when the sugar combination discussion was choked off, the time has not been permitted to pass unimproved by either side. J. A. Mathewson & Co. insist that the guild is a secret society, and to emphasize their assertion challenge them to publish to the world the by-laws of their constitution. This was too much. This tempting offer was declined, but a local paper anticipates their desire by publishing the text of their by-laws uninvited. This has set them on fire, and that, too, in the midst of a burning anxiety to set their house in order before the meeting of Parliament. To explain to a long suffering community how granulated sugar is half a cent per pound dearer in Canada than in New York is one tough nut to crack. They say their guild is not tyrannical, but the United States trust does not enter a man’s place of business and dictate at what price he shall sell, nor do they boycott one dealer, as the Canadian guild is doing to Mathewson, and sell to others. The United States trust sells to anyone who is able to pay. A falling market is one test which the combine has never yet had to face. This is the crucible they have yet to go through, and if their cohesive power outlasts this

²⁰ From WILL FIGHT TO THE END. (1888, January 13). *The Ottawa Daily Citizen*, p. 4.

²¹ From THE SUGAR COMBINE. (1888, February 11). *The Ottawa Daily Citizen*, p. 4.

the people of Canada have a blue lookout for cheap sugars when the next preserving season comes on. When the combine started granulated was 17 shillings in England and 6 cents in Canada; to-day it is 19 shillings on the other side and 7 $\frac{3}{8}$ cents here, which means that the Canadian market has been forced up 1 cent per pound beyond the markets of the world. The boycott to-day is exactly 5-16ths of a cent per pound on all sugars, yellows included, against the non-combiner. J. A. Mathewson & Co., have landed several hundred bags of Demerara Crystals²² and will land in a few days 2,500 bags more. They are in the thick of the fight and are buoyant and hopeful as ever of outlasting the most iniquitous association ever formed.

“Enormous profits”²³ (February, 1888)

The Canadian sugar monopoly realized enormous profits last year. The net profit of the Nova Scotia Sugar Refinery was \$175,000. A dividend of 13 per cent has been paid, \$100,000 paid the Merchants' bank of Halifax on account of the mortgage, and \$39,000 carried to profit and loss.

The Cost of Importation²⁴ (February, 1888)

Comparisons of the retail price of sugar in Canada and other countries ignore the importance of transport costs and added duties. Moreover, although a recent rise in the price of raw sugar had led to higher refined sugar prices around the world, the increase in Canada was lower than the increase in other countries. When interviewed, some retailers believed that the “sugar combination” had raised prices beyond what was attributable to the shock to the price of raw sugar.

Two facts essential to a consideration of the price of sugar in Canada are studiously ignored by journals hostile to the tariff, namely the rate of duty imposed and the rise in the value of the raw article. The public are told that refined sugar can be purchased in England for 4 cents a pound while it costs 7 $\frac{3}{8}$ cents a pound in Canada, and the inference is drawn that the difference between the two figures represents the profits of the refiners in Canada. Now as a matter of fact at the close of last December granulated sugar was quoted in Glasgow to the wholesale trade at 21s. 6d. per cwt., equal to \$4.56 per 100 lbs., while at the same time the price in Canada to the wholesale trade was 7 $\frac{3}{8}$ cents per lb., less 2 $\frac{1}{2}$ per cent. discount in fourteen days, making the net price about 7 1-5c. per lb. The duty on refined sugar in 1878 averaged \$2.45 per 100 lbs., which added to the cost in Glasgow of granulated sugar at the close of 1887 would bring the price to the buyer up to \$7 per 100 pounds. Add to this the cost of freight, commission and other charges and it will readily be seen that the cost of importation of Scotch granulated sugar under the tariff

²² Dark brown sugar with large crystals.

²³ From The Canadian sugar monopoly. (1888, February 18). *The Victoria Daily Times*, p. 2.

²⁴ From THE PRICE OF SUGAR. (1888, February 20). *The Montreal Gazette*, p. 4.

established before 1879 would have exceeded the selling price of Canadian granulated sugar at the close of last year by not less than half a cent per pound. If no duty was imposed on sugar, if the article was placed on the free list, and the Canadian merchant enabled to place it in his warehouse at the price in England *plus* freight and charges, it might be sold to the retailer for five cents per pound, but no one has ever contemplated removing the duty on sugar, all governments have levied a tax on the article for revenue purposes, and it is a wilful misleading of the public to ignore this element of duty in the cost of sugar in Canada in making comparison with prices elsewhere.

Then, it is asserted that “when the sugar combination came into operation in May, 1887, granulated sugar was selling in England at 3½ cents per pound and in Canada at 6 cents. To-day granulated sugar is selling in England at 4 cents per pound, while the ‘combine’ here sells it to the wholesale dealer at 7¾ cents per pound.” The price of granulated sugar to the wholesale trade in Canada is to-day \$6.94 per 100 pounds, and not \$7.37½ as stated, and the advance in the price of Canadian granulated since last May has been less than that of refined sugar in the United States, in England, in France, or in Germany. In 1887, the highest prices of sugar were reached in December, and represented an advance of 30 to 40 per cent. on the year. The range was as follows, the top figures representing the advance between March and December:—

PRICE OF SUGAR IN 1887.

	Lowest. (s. d.)	Highest. (s. d.)
Beet root per cwt.	10 6	16 0
Paris crystals, per cwt.	12 9	17 9
Clyde crystals, per cwt.	13 2	19 6
American granulated, per cwt.	15 3	21 0
Dutch crushed, per cwt.	14 0	19 0
“S. P. R.” granulated, per cwt.	14 0	18 9

The advance in the prices of these sugars in Hamburg, Paris and Glasgow, between March and December of last year averaged all the way from 25 per cent. to 40 per cent. In the same time the advance in the price of Canadian granulated sugar was about 16 per cent. Sugar has advanced in Canada last year in common with the advance in all other countries; it has advanced because the price of the raw article is dearer, but the advance in Canada has been only about one half the average rise in Great Britain, the United States, France and Germany.

An impression has been created by misrepresentation and ignorance that a combination exists among refiners in Canada to unduly advance the price of sugar. There is no such combination. The competition is free and open. The price of refined sugar in Canada follows the fluctuation in prices in foreign markets, and the advance in this country last year was less than in the United States, Great Britain, France or Germany. What has occurred is the making of an arrangement between wholesale grocers not to sell granulated sugar at a less advance than ¼c. a pound on the cost of the article. It is an arrangement in the interest of sound trade, and applies solely to

the article of granulated sugar. Yellow sugars which constitute more than one-half the business, nearly two-thirds in fact, are not embraced in the arrangement. The worst that can happen [to] the public, the consumers, as the result of the action of the wholesale grocers is that they may pay $\frac{1}{4}c$. a pound more for one class of sugar, and this additional price can be asked only in the case where previously wholesalers sold granulated sugar at a loss. The whole extent of the advance in this grade of sugar cannot exceed $\frac{1}{4}c$., as a consequence of the arrangement between wholesalers, and if a larger advance is demanded by retailers they are simply taking advantage of a not unreasonable agreement among the wholesale trade, to obtain a greater profit from consumers, attributing their own exactions, where made, to the so-called "combine." The refiners derive absolutely no advantage from the arrangement made by the wholesale grocers. They regulate the price by the cost of the raw material and the course of foreign markets, without regard to the grocers' guild. And the retailers are free to-day to cut the price of granulated sugars, to attract custom, as they ever were. In order to learn the situation from a retailer's point of view we submitted to a number of prominent firms the following questions:

(1.) What is the retail price of granulated sugar?

(2.) Why is it higher than a year ago?

(3.) Do you charge the public a larger advance on the cost of the sugar than you did a year ago?

The following answers were received:—

Walter Paul: (1) 8c; $\frac{3}{4}c$ to the retailer not as good as $\frac{1}{4}c$ to the wholesaler, as former loses by weighing, extra hands, and other expenses. (2) Partly owing to the advance in raw sugar, and partly to the combination. (3) Less this year. It makes a difference to me of \$800 a year. Small retailers don't feel it, as they always bought from wholesalers, but I used to buy from refiners.

Grant, McConkey & Co.: (1) 8c. (2) Caused by the advance in raw sugar. (3) About one-third less than last year.

W. V. Gordon: (1) 8c. (2) There is less competition among refiners. They turn out less and charge their own prices. (3) About $\frac{1}{4}c$ per pound less. The advance on sugar is always small.

David Crawford: (1) 8c; (2) the natural product has advanced in price at home; (3) much smaller. Sugar is a bare thing at any time. It is like changing money, or selling grey cottons or nails.

John Robertson: (1) Declines to say; (2) on account of advance in original cost where produced, but the advance is greater here than it should be. In New York it was $1\frac{1}{4}c$ to $1\frac{1}{2}c$, and here 2c; (3) smaller this year. It will make \$600 a year difference to me. With the extra expense of selling retail, we can't make a profit on much less than a cent advance.

George Graham: (8c); (2) owing to the combination. Raw sugar is low in proportion; (3) about the same, but the combination has a larger profit.

Fraser, Viger & Co.: (1) 8c; (2) owing to the combination; (3) a good deal less.

The reason of the advance in the price of granulated sugar is stated by several of these firms to be the higher cost of the raw article; they declare that they are not

charging the consumer a larger advance on the cost than before, but attribute to the combination or arrangement among wholesale grocers a part of the rise. That may be so. An advance of $\frac{1}{4}$ cent a pound may be due to the action of the wholesale trade, but if such advance has thus been caused, wholesalers must have handled granulated sugar at a loss in the past, a condition of things not healthy to trade. Mr. Robertson alleges the price of sugar has advanced here 2 cents a pound and that this is out of proportion to the advance in New York, which he places at $1\frac{1}{4}$ to $1\frac{1}{2}$ cents. This assertion is not well-founded. Canadian granulated was never lower than \$5.85 per 100 lbs.; it is now \$6.94 per 100 lbs.; and in the period covered by these figures the rise in the value of raw sugar and in the price of refined sugar in Great Britain, the United States, France and Germany has been greater than in Canada. In a word the situation is this: (1) the wholesale trade has agreed to charge an advance of $\frac{1}{4}$ cent a pound on granulated sugar; on all other classes they are free to sell at any figure they choose; (2) the increased cost to the public of granulated sugar cannot exceed $\frac{1}{4}$ cent, and that goes to the wholesaler and not to the refiner; (3) the advance in the price of refined sugar in Canada has been less than in any other country in the world; (4) the advance in the price of refined sugar has been less than the rise in the raw article.

“Mr. Mathewson is hostile”²⁵ (February, 1888)

The author of this article believes Mr. Mathewson’s own words suggest he should find the sugar agreement reasonable, and that the quality of Canada’s sugar is comparable to that of sugar in the rest of the world.

Mr. Mathewson²⁶, wholesale grocer, who has refused to enter the guild, and has gained considerable notoriety from that fact, was a witness before the Labor commission on Saturday, when he gave evidence of importance on the price and sale of sugar. His testimony is of the greatest value since it comes from a source unfriendly to the wholesale grocers; it proves beyond controversy that no combination exists among refiners, and that the advance in the price of sugar, of which so much is made by the Liberal press, is due wholly and alone to the arrangement on the part of the wholesale trade to charge an advance of $\frac{1}{4}$ c. a pound to the retailer to cover the cost of handling granulated sugar. Mr. Mathewson asserts that this arrangement on the part of wholesale grocers has proved most disastrous to consumers. That depends entirely upon what is to be considered a disaster. If a reasonable advance, and advance of $\frac{1}{4}$ c. to cover all expenses of handling, warehousing, selling, interest on capital investment, etc., is disastrous to the consumer, then Mr. Mathewson’s statement may be justified, not otherwise, for that rise of $\frac{1}{4}$ c. is the extent of the effect on the price of sugar to the consumer from the formation of the Grocers’ Guild and the agreement in respect of granulated sugar. The retailer is as free to-day as ever he

²⁵ From THE PRICE OF SUGAR. (1888, February 27). *The Montreal Gazette*, p. 4.

²⁶ J. A. Mathewson died aged 83, at his home at 625 Sherbrooke St. “He came to Montreal in 1833 from Strabane, Ireland, where he was born in 1822.” OBITUARY RECORD. (1905, April 4). *The Montreal Gazette*, p. 12. His former home now houses McGill’s International String Quartet Academy.

was to sell sugar at actual cost in order to attract custom, making good his loss on this article by an advance in the price of other goods; he can, if he desires, offer granulated sugar, the only grade affected by the arrangement, at 7 $\frac{3}{8}$ c. a pound, which price is as low as sugar has ever been in Canada, relative to the cost of the raw article and prices in foreign countries. We may be allowed, however, to doubt whether Mr. Mathewson regards the advance of $\frac{1}{4}$ cent as unreasonable, and as so disastrous to the consumer as he would have the public believe, for in answer to a question, he says in his evidence "a wholesale grocer can afford to do business on a profit of 10 per cent.; the profits on granulated sugars, as at present fixed by the combine, are from $\frac{1}{4}$ to $\frac{1}{2}$ cent on 7 cents, or a little less than 6 per cent." Here we have the admission of the one wholesale grocer who has figured as the opponent of the Guild and the friend of the consumer, that the advance in the price of granulated sugar caused by the arrangement of the wholesale trade amounts to less than 6 per cent, when at the same time he fixes the advance in prices at which wholesale grocers can afford to do business at 10 per cent. As a matter of fact, the advance on granulated sugar fixed by the Guild is 3 $\frac{1}{2}$ per cent. to cover all charges and expenses, and the single question involved in this controversy is whether that advance is an unreasonable one. Mr. Mathewson, by implication, asserts that it is not; and he appears to oppose not so much the extent of the advance to cover the cost of handling, as the manner of making it. Mr. Mathewson is hostile to all associations of the character of the Grocers' guild, quite as much to trade unions as to it, the underlying principle being the same. With that aspect of the case we are not at the moment dealing. It is with the effect on the price of sugar of the wholesale grocers' combine, as it is called, and this by Mr. Mathewson's testimony is proved to be an advance of 3 $\frac{1}{2}$ per cent. on refiners' price of granulated [sugar,] to cover all costs of handling and give a profit on the capital investment, while the average necessary to enable wholesale grocers to carry on business he places at 10 per cent. Neither refiners nor retailers are in this arrangement; their selling prices in relation to cost are not regulated nor affected by it.

Mr. Mathewson is reported to have said, in his evidence, that "The sugar now given was the most inferior he had ever known. Syrup was included in the combination. The yellow sugars were especially bad, and the poor people who used them had to buy moisture which ought to have been taken out in syrup." This statement we believe to be inaccurate, to say the least; certain it is that the arrangements between the wholesale grocers have nothing to do with yellow sugars, for these are not included in it, as Mr. Mathewson knows. The quality of Canadian granulated ranks higher than that of the same class of sugar in the United States or England; analysis has time and again conclusively established that fact, and against the evidence of official tests, something more conclusive must be adduced than the *ipse dixit*²⁷ of a wholesale grocer at war with an arrangement by which an advance of $\frac{1}{4}$ cent a pound, or 3 $\frac{1}{2}$ per cent. on cost, is made to cover the expense of handling granulated sugar.

²⁷ A statement not backed up with facts. From the Latin for "so they said".

“Down on Combines”²⁸ (March, 1888)

Brief testimony by two wholesalers, one of whom had joined the Guild despite misgivings, and one of whom gained notoriety by refusing to join. The former knew Guild members were acting in a potentially illegal fashion, but did not pursue a court case, as he knew the other grocers personally and did not wish them to face a criminal trial.

The parliamentary committee on combines met this morning, and in a three-hour's session examined Messrs. Lightbound and Mathewson, of Montreal, with respect to the sugar combiners.

A printed list of Canadian wholesale grocers who have entered into this sugar agreement was submitted. It contains names of eighty-five firms, comprising nearly all wholesale houses of any note in the Dominion. C. T. Bate & Co. and H. H. Brennan, of this city, belong, and at one time so did Baskerville Bros. and Scott & Rainsford, but these two firms have since been excluded on account of selling retail as well as wholesale. The refiners sell at trade price only to those belonging to the guild, and the members of the organization agree to re-sell at a profit of not less than half a cent per lb. for small lots and three-eighths of a cent for large.

MR. LIGHTBOUND'S EXAMINATION

Mr. Lightbound's firm at first refused to join the Guild, but afterwards gave in. The pith of his testimony was that on principle he objected to be deprived of the right of selling sugar or any other article he had paid for, at any price he chose to sell it in the interest of his general business. The combination, he said, could not exist without the co-operation of these refiners, and the remedy he suggested was that the Government should give the refiners the option between refusing that co-operation, or taking the consequences of a reduction of the duties. There were other minor combinations governing the prices of articles dealt in by grocers, for instance, Eddy's matches, baking powder, pickles and tobacco, all of which they had to sell at not less than a minimum price on pain of having supplies cut off. But these he did not mind, as the amount involved was so small. Sugar sales, however, amounted to one third of a wholesale grocer's business. He had been given a legal opinion that members of the guild were open to prosecution for conspiracy, but he did not proceed against them because, as many of them were his personal friends, he did not care to place them in a criminal court.

MR. MATHEWSON'S EVIDENCE

Mr. J. A. Mathewson, who has made himself famous all over Canada by the stand he has taken in the matter was next examined. He had, he said, continuously, positively, consistently refused to join in the guild chiefly because of a provision in its constitution that prices of any articles dealt in by members should be regulated by a special committee of three appointed by that body. Having conducted a business for over half a century he was not now going to submit to any such committee. Since the

²⁸ From DOWN ON COMBINES. (1888, March 10). *The Ottawa Journal*, p. 1.

institution of the combine he had been paying to the refiners a quarter cent per pound more than other wholesale grocers on all granulated sugars he purchased, until in July last, when the screws were put on tighter and half a cent extra was demanded. Then he found it advisable to import from England, and could have laid down the sugar at 6¾ cents per pound duty paid, the combine price being 6½ cents. He had never yet been unable to get supplies, and he did not think he would ever be. He did think, though, that the refiners should be compelled to return to him the money they had unlawfully extorted – extorted by highwayman’s methods, “Your money or your life.” As the Good Book said²⁹, Mr. Mathewson argued, this money unjustly taken should be returned fourfold.

Being asked if he had remonstrated with the refiners, Mr. Mathewson said, he had; that he had told them, “there’s a rod in pickle for you, and you will feel it soon.”

If such an outrage had been committed on a British subject in the middle of Africa, the British government would have supported him with a fleet and an army. He claimed assistance from the Canadian government.

“Mercantile Combinations”³⁰ (March, 1888)

Among other matters, this article provides a brief history of the sugar agreement.

Mr. George Lightbound, of Lightbound, Ralston & Co., of Montreal, in the course of a very lengthy statement, said that the sugar combinations had not originated with the refiners. For some years past they had existed throughout the Dominion in the form of wholesale grocers’ associations or guilds. The present combination was discussed at a meeting of the guild, and the outcome of the discussion was a meeting at Montreal on the 20th April, 1887, consisting of representatives of the various wholesale guilds, Messrs. Drummond, representing the Canada Sugar refinery, Elmenhorst³¹ and Labatt, representing the St. Lawrence Sugar refinery, and Harris, representing the Moncton refinery. The representatives of the refiners were told that the wholesale guild had attempted to arrange a combination among themselves, but that certain merchants did not coincide with this manner of doing business. The representatives were then called upon to discriminate against these wholesale grocers and make them pay ¼c more for granulated sugar than was paid by members of the guild. Another meeting was convened at the Board of Trade in Montreal in the latter part of June, at which Messrs. Drummond and Elmenhorst were present. Previous to this the wholesale grocers had held a meeting in the morning, and it was decided to ask the refiners to decline selling sugar to any person who had not signed the agreement. The refiners expressed their willingness to agree to this proposition if the association saw no other way out of the difficulty, and the outcome of the meeting was that within a week or ten days after, an

²⁹ “He shall restore the lamb fourfold.” 2Sam.12, King James bible.

³⁰ From MERCANTILE COMBINATIONS. (1888, March 10). *The Montreal Gazette*, p. 5.

³¹ W. R. Elmenhorst would take his own life in 1894, allegedly in response to anxiety resulting from his business losses. Sad death of Mr. W. R. Elmenhorst. (1894, October 13). *Montreal Gazette*, p. 3.

agreement was arrived at whereby dealers outside the combine were charged $\frac{1}{2}$ c per lb. more than members thereof. At another meeting at Montreal, held on the 16th and 17th October, it was decided that the previous arrangement be altered, and in future they were called upon to buy sugar on an entirely different basis. Owing to a rising market those outside the combine were still able to carry on their business of importing Scotch sugars. The members of the combine were allowed a discount of $2\frac{1}{2}$ per cent. The dissentients were then called upon to buy their sugar minus this discount, and furthermore had to buy a proportion of two barrels of yellow sugar for one of white, whether they really required yellow or not, at the same time. That is, they were compelled to buy a double quantity of yellow to a similar quantity of white. The average consumption of yellow sugar is two or three barrels to one of white. When a grocer outside the combine desired to purchase 500 barrels of white granulated he was under the necessity of buying in addition 1,000 barrels of yellow, and was compelled to pay $\frac{1}{4}$ c per lb. more on the whole transaction, making from 29c to 30c per 100 lbs. in gross. By such a transaction the purchaser would make a clear loss of \$1,500, compared with one of the combination. This made it practically impossible for anyone outside those in the combine to conduct a business.

THE REFINERIES TAKE THE POSITION

that they are not parties to this agreement. He could prove, however, that all the refineries in Canada were in the combination. The best proof he could possibly adduce in support of his statement lay in the fact that in every refinery there is a printed list published of those entitled to buy sugars under this agreement. The guild informed the refiners that they represent 93 per cent of the sugar trade of Canada, but since then 13 of the members have been forced out of the guild. It was a fact that before this combination was arrived at merchants did not obtain the returns they now received. The advance the combination placed on sugar was $\frac{3}{8}$ c. per lb. on fifteen-barrel lots. In April the refiners' price was 6c. to $6\frac{1}{8}$ c. for granulated white to everybody. In June white had advanced to $6\frac{3}{8}$ c. They then charged outsiders another $\frac{1}{4}$ c. This was at the end of June. Those outside the combine were still enabled to compete with Canadian sugars by importing them from Glasgow. With reference to the quality of these imported sugars as compared with Canadian, Mr. Lightbound said that for all purposes of consumption the Scotch sugars were equal to the Canadian, but for various minor reasons he preferred the latter. In answer to a question by the chairman, he said he thought that lower grades of yellow sugar were now being manufactured in Canada than in past years, but this was partly due to the demand of the country for cheaper sugars. There was more saccharine employed than in former years, but the standard of granulated white sugar was essentially unchanged. The gross profits for members of the guild on an even market was 5 per cent. He did not consider this an excessive profit. His main objection to the combination is that it was an injustice and a breach of commercial equity to interfere in the least degree with the manner in which a man thinks fit to conduct his business. He did not express his disapproval of combines on moral grounds. He merely stated facts as they affected his business. He did not wish to discuss the principle of the thing, but merely its business aspect. It might suit him to do his business in sugar on

the principle of no profits and quick returns, or he might conceive the idea of supplying his friends and the public with sugar gratuitously. That was his business purely. The combination, however, ordered that he was to sell at a certain figure, and on no account to deviate therefrom without their permission. In the event of dereliction, supplies were to be cut off immediately, and he was to be peremptorily forced into retiring from the business. On lots of fifteen barrels of white granulated, a wholesale grocer gets $\frac{3}{8}$ c; on smaller lots he gets $\frac{1}{2}$ c. The guild have the advantage of purchasing at $\frac{1}{8}$ c less and $2\frac{1}{2}$ c discount, or about 30c per 100 lbs. less. The retail trade has as much right as the wholesale to sell at 1c a lb. profit, and the consequence would be that the consumer would have to pay 15 per cent. more for his sugar. If a wholesale grocer now sells his sugar at 1-10c under the prices fixed upon by the guild, his name would be removed from the list. Any body of business men have the right to combine among themselves for their own interests. He did not complain of such concerns. But he contended that the combination of refiners and merchants for the purpose of shutting down those indisposed to join the association was illegal. The Guild of Wholesale Grocers have a perfect right to manage their business in any way they think fit, but the refiners who are supported by the people have not that right. Referring to

THE ALLEGED COMBINES IN TOBACCO,

he stated that there was no definite agreement between manufacturers and merchants in this line, but it was tacitly understood that the grocers must sell at a uniform price. The wholesale grocer has to add 4c. per lb. on the ruling price of the day, and if he sells under this figure his supply is cut off. There was a similar combine in Eddy's matches and McLaren's "Cook's Friend" baking powder, but these were comparatively unimportant articles, and the combines would not affect the consumer as much in an ordinary life-time as the combine on sugar would in a month. He explained that in January, Messrs. Lightbound, Ralston & Co. were squeezed into the combine. They had never been in before, but the market in England ran up to 16 shillings to 20 shillings, which meant $8\frac{1}{4}$ c. laid down here, whereas members of the combine could buy at $7\frac{1}{4}$ c. They were, therefore, compelled to sign the sugar agreement or go out of business. Had he not gone into the combine the only alternative was to pay $\frac{1}{8}$ c. more and buy double the amount of yellow sugar on each purchase, and pay 30c. per 100 lbs. all round, besides losing the $2\frac{1}{2}$ per cent. discount. If the matter is not promptly dealt with, he thought it probable that the refiners will refuse to sell sugar at all unless grocers sign this agreement. In reply to a question of a member of the committee, Mr. Lightbound said that he did not think there was a definite arrangement between the refiners as to prices. In different parts of the country they quote different figures. In Halifax they sometimes quote $6\frac{3}{4}$ c., while 7c. is ruling in Montreal, but in the event of there being two refineries in one district, as will shortly be the case in Montreal, they would both charge the same. With reference to the claim of the refiners that they are not in league with the guild, Mr. Lightbound laid on the table a telegram received from the Moncton refinery, which ran as follows:— "Will let you have sugar free on board cars Montreal usual terms with $2\frac{1}{2}$

per cent. if guild consents." This he considered proved conclusively the connection. Asked as to

WHAT PRACTICAL REMEDY HE WOULD SUGGEST,

he said that the only feasible plan which occurred to him was to give the refiners the option of retiring from the combine or lowering the duty on imported sugar. The Grocers' guild could not keep up the combination without the assistance of the refiners. They had been able at 1½c per lb., and 35 per cent. duty, to compete with the refiners, and if the tariff was reduced he thought they could make it interesting for them. Had he objected to the tobacco combine? Yes, he had, but it was not such a grievous affair as the sugar. The tobacco combine is not between the manufacturers and the merchants. He did not know the *modus operandi*, but he knew the results. A law should be passed to make an agreement of this character between manufacturers and merchants amount to a conspiracy. He had been compelled to enter the combine for matches and baking powder. The profit on matches on anything under five cases was 25 to 50 cents per case; from five cases and over 25 cents per case. In the course of a year they turned over from \$200,000 to \$400,000 worth of sugar, and all these other goods only about \$300 to \$400 each. The profit on matches is 10 per cent.

Mr. Boyle said that it seemed to him that the refiners were under the power of the guild, and had to do so in order to protect themselves from being boycotted by the guild. He had heard that a similar matter had been tried in the States and had been proved to be a conspiracy.

MR. MATTHEWSON'S EVIDENCE

Mr. J. A. Mathewson, wholesale grocer, of Montreal, said there were guilds in Toronto, Hamilton, London, Montreal and other places. They were all practically one. He quoted clauses from the constitution of the Montreal Wholesale Grocers' guild to show that there was a combine, and that the meetings of the association were secret. He most decidedly objected to being boycotted. Gentlemen came from a distance to Montreal to get signatures, and these gentlemen were simply made use of as tools to carry out this outrageous agreement. Those who refused to sign were charged ¼ of a cent more for their refined white sugar. That money belonged to him and others outside of the guild, and the Good Book said that he restored to him his own and four times added. That was what he was waiting for them to do. (Laughter.) He read invoices to show that he was charged this extra ¼ of a cent, and said he considered it an outrage that a British merchant of fifty years' standing, one who had been doing business for over half a century, should be treated in this unlawful manner. They were afterwards charged ½ a cent more than members of the association. At that time they did not know that they could import white sugars. They knew that they could get granulated sugar from the United States if it had not been for the high tariff, but he sent a telegram across the ocean and received a reply that he could get sugar. They had hitherto kept putting on the screw, but when these conspirators saw that they could get the sugar they held another meeting and decided to make the extra charge only ⅛ of a cent. without the discount; that was 80c on a barrel of 100 lbs., \$800 on a thousand barrels or \$8,000 on 10,000 barrels. They had this \$8,000 of his money and he should get it back. It was simply blackmail to that extent and they might as well

have pointed a pistol at his head and said, "Your money or your life." (Laughter.) Mr. Mathewson also criticized the articles of a Montreal paper, which he characterized as uncalled for strictures on the character of a private citizen.

THE COMBINATION WOULD NOT LAST ONE HOUR

if the refiners did not lend themselves to carrying out the arrangement. He had been outrageously abused. If a British subject had been treated in such a manner in the centre of Africa the British Government would have sent a fleet and wanted to know the whys and the wherefores. When they came to interfering with people's rights they had mistaken their calling. In answer to a question as to the quality of the sugar, he said the price was never higher and the quality never lower than it was up to the end of the year. Since that time, however, there had been an improvement. He compared his condition to that of the children of Israel when they saw they were compelled to make bricks out of straw. It did not much matter whether the grocers got 4, 5 or 6 per cent., but what they had to do with was what the refiners got. He did not want to be a driven slave or a slave driver, and, therefore, he wanted to have this matter settled definitely. He also advocated inspection of refineries by the Government which protected them so highly. The terms which the refiners give to those outside the wholesale guild was that for every barrel of white sugar they must take two of yellow. The first extra charge was $\frac{1}{4}$ of a cent, and then $\frac{1}{2}$ of a cent, but now it was $\frac{1}{8}$ of a cent, and no discount. He had thought that the new refinery at Halifax, having English stockholders, would be more liberal, but on applying to them he was referred to their agent in Montreal, Mr. Osgood, and the reply of that gentleman was "You must pay $7\frac{1}{2}$ cents net cash for granulated sugar," although it had been previously offered at 7c.

After deciding to summon more witnesses in regard to the sugar matter, the committee adjourned to the evening.

"A Sacrifice Article"³² (March, 1888)

Refiners' representatives emphasize their agreement is not a combination, and was enacted as a loss-prevention measure to prevent the use of sugar as a loss leader by wholesaler grocers.

OTTAWA, March 13. – The committee on trade combinations held a short session this morning, but no evidence was taken, owing to the fact that none of the witnesses had arrived in the city, the trains being all delayed by the snow blockade. The chairman read communications from Walter Paul, of Montreal, on the sugar combine, stating that he would be willing to give evidence showing how it affects the better class of retailers, also a letter from A. Joseph & Son, wholesale grocers, of Quebec, enclosing a petition signed by every merchant of importance, outside those interested in the combines, in that city, altogether some sixty or seventy names. A petition had also been received from Sherbrooke signed by a number of wholesale

³² From THE COMBINES COMMITTEES. (1888, March 14). *The Montreal Gazette*, p. 5.

grocers and manufacturers who had sustained injury by the action of the Dominion Wholesale Grocers' Guild. A petition was also received from merchants of London, Ont. A. D. Fraser, of Montreal, vice-president of the Grocers' association, wrote, saying that he would be here on Wednesday. A telegram was received from W. W. Lockerby asking that the investigation be not closed until the Wholesale Grocers' Guild have had an opportunity of giving evidence in refutation of complaints. Among the witnesses which it was decided should be heard are Messrs. Drummond, president, and Sinclair, secretary, of the Canada sugar refinery, W. W. Lockerby and Walter Paul, of Montreal.

MR. DRUMMOND'S EVIDENCE

The committee met to-night and examined Mr. Geo. A. Drummond, president of the Canada Refinery company. He said the Dominion Grocers' Guild included nearly all their customers, and they represented to him last year that business was being destroyed by the conduct of some wholesale dealers, who sold sugar at below cost price. They argued that this condition of things was ruinous to trade and of no benefit to the consumer. They proposed that refiners should sell sugar to them at $\frac{1}{4}$ cents a lb. cheaper than to others. After consideration and enquiry they decided to accede to their request. They represented that if these means were not adopted, the ultimate effect of this evil to trade would be that the refiners would have to sell sugar themselves, employing their own travellers and agents, etc. On enquiry they found that it was the practice to

MAKE SUGAR A SACRIFICE ARTICLE.

It was the custom to sell sugars at prices under those at which they were obtainable at the refinery, provided that a certain amount of tea was also purchased. Shortly after the Guild represented to the refiners that they were still suffering, and requested them to make an advance of $\frac{1}{2}$ c. per lb. on white sugar alone. There never was an arrangement that for every barrel of granulated white, the purchaser was to buy two of yellow. There was some discussion about taking such action, but effect was not given to it. There was no contract, only a verbal agreement that they should sell to the Guild only, which included more than 95 per cent. of all their customers. He thought the interests of the company were bound up with those of their customers. An important part of the original agreement was that the advance the Guild should make was to be so much upon whatever price they gave them. The advance in Montreal was $\frac{1}{4}$ c per pound on granulated, in 15 barrel lots and over, and $\frac{3}{8}$ c on smaller quantities. This was $\frac{1}{4}$ c advance on every three barrels of sugar in lots over 15 barrels, on granulated portions of the purchase only, and on smaller quantities an advance of $\frac{3}{8}$ c per pound on three barrels, which came to 2 per cent. altogether after paying all expenses. The arrangement at present stands on white sugar only at this. This was the whole advance the Guild was to charge.

YELLOW SUGARS ARE NOT AFFECTED

by the agreement at all. All wholesalers were bound to charge this, or the contract falls to the ground. As a matter of fact, they sold two barrels of yellow to one of white all the year round, but there was no agreement binding them to purchase in the proportion of two-thirds yellow to one-third of white. His estimate of the effect of the

sugar agreement was that it was an advance of 2 per cent. on the whole transaction, and on granulated alone of 4 per cent. The minimum would be 1½ to 2 per cent. on all sugar, white and yellow together. This was the extent to which it affected the consumer. At present the advance is ⅓ c all round, yellow and white. In answer to an enquiry Mr. Drummond said that at first they had sold to persons not in the combine at the same prices as members, but this was now changed. There were two parties to this transaction:— One is the Grocers' Guild and the public, the other the Guild and the refiners. He had never heard of the Guild breaking their agreement with the public. Wholesalers, not members of the Guild, must pay ⅓ c more, payment within 14 days, without 2½ per cent discount for cash. The agreement is made from week to week. Prices are given by the refiners to wholesalers each week. This only affects white sugar. There is

NO AGREEMENT BETWEEN THE REFINERS.

When they are requested to furnish their prices they do so. There is no secret about the matter at all. Wholesalers are not called upon to change their prices should the markets change in the course of each week. The Guild changes according to the fluctuations of the refineries. The printed list of persons entitled to the benefits of the Guild did not emanate from the refineries. They have no control of it whatever. The agreement between the Guild and the refinery was entirely verbal, and any violation of the contract was not met with penalties of any description. The refiners only sold to persons on the list furnished by the Guild, and in case of any violation of the agreement they would bring the matter to the attention of the Guild, and the Guild would have to deal with it. If they decided to let a firm who had broken the rules remain on their list the refiners would still continue to supply them with sugar. Before the existence of the Guild it had always been one of his principles of conducting business to refuse to sell his goods to any person who made a practice of selling them under cost price, because he did not consider such a person a safe man to trade with. Most of the gentlemen who were feeling aggrieved with the agreement had never dealt with him at all. He repeatedly disclaimed any control over the original formation or amendment of the list of prices issued by the guild.

THE GUILD WERE AT PERFECT LIBERTY

to add or take away names from the list of members without asking the permission of the refiners. He also stated that he was in a position to break the agreement with or without giving a reason for so doing. In his opinion the public could not obtain a cheaper mode of distribution of sugar; and if they were not satisfied with the price they would have their remedy. The wholesale grocers had far better charge a fair reasonable price for all their goods than sell one article at a small loss and charge extra for other staples. Asked, "Was not glucose an injurious substance?" Mr. Drummond said he always considered it so, but it was inevitable that a certain amount should be in all sugars. It was not put in by the refiners, but was inherent in the sugar. The Canada company produce about one half of the sugar produced in Canada. Glucose was not put in sugar. It was a natural product of manipulation of the cane; it was a syrup they took out of sugar in the course of manufacture. If it was left in they would not be able to make sugar at all. He said he would not care to teach

the committee the art of refining. Last year there had been a great demand for cheaper sugar, and they had been compelled to meet this demand by manufacturing a slightly cheaper article, but their sugars were as good as in past years and would bear comparison with those of any other refinery in the world. He was glad to see that Mr. Lightbound had given them the credit of selling sugars here at 7¼c when it cost 8¼c to import it. They had to

SELL SUGAR HERE AT A LESS PRICE

than it could be imported for in order to keep their business. They fixed the price of sugars according to outside market and competition at the time amongst themselves. Since his company came into existence in 1878 their profits had averaged a fraction over 8 per cent.; some years they had paid nothing. The stock at the present moment was to be had at par or a little above par, which showed what appreciation stockholders had of the enormous profits which they were reputed to have made. A large proportion of the profits were made out of dealings in sugar apart altogether from refining. It would be difficult to find anywhere in the Dominion a more modest statement than that. It was only a fraction beyond bank interest. The capital was nominally a million, but the 8 per cent. profit was upon the capital paid up, which was about \$900,000. They took over the original plant for \$400,000. In answer to a question as to whether the fact that the stock was quoted at par was not largely owing to the fact that the public did not know when they made exceptional profits, Mr. Drummond said the newspapers kept the public pretty well informed as to the profits.

MR. SINCLAIR EXAMINED

David Sinclair, salesman at the Canada Sugar refinery, stated that he would sell sugar to regular customers on his own account, but if any grocer who was not a regular customer were to ask a rate he would consult Mr. Drummond before giving him that rate. He did not require a list to know who their customers were. Generally on a Friday evening a member of the guild came to the office and asked "the price of sugar to-day," when he told him the price. Sometimes their agent notified them that other refineries were underselling them.

"The Refiners' Side"³³ (March, 1888)

The sugar refiners' side of the story was told to the Combines Committee last evening by Mr. George Drummond, of Montreal, the millionaire president of the Canada Sugar Refining Company. [...] Being asked about the profits of refining, Mr. Drummond said he was happy to have this opportunity of denying the absurd and preposterous rumors about the refiners' profits. Since the formation of his company in 1878 their profits had averaged a fraction above eight per cent profit, but a large proportion of this profit was made by dealing in raw sugar which was never brought into Canada at all. The company were very extensive traders in raw sugars. It would be impossible to separately account for the profits in each of these lines of business.

³³ From THE REFINERS' SIDE. (1888, March 14). *The Ottawa Journal*, p. 1.

Some members of the committee having ventured a little cross questioning about the profits, he invited them to become stockholders, saying that stock was to be had almost any time at par or very close. The nominal capital of the company was a million dollars, nine hundred thousand being fully paid up. Their building, plant and machinery were purchased in 1878 for \$400,000 and were now worth not much more. The capacity was about fourteen hundred barrels a day. About five hundred hands were directly employed, nearly all being men. Cape Breton coal – 18,000 or 20,000 tons a year – was used almost exclusively. [...]

The committee met again this morning.

Mr. A. D. Fraser, secretary of the Montreal Retail Grocers' Asso'n, was examined. He said since the Wholesale Grocers' Guild was formed, the retail grocers had been refused sugar at the refinery. They had to purchase from the wholesale men, and to pay whatever price the latter choose. He considered this a hardship, but admitted that the retail grocers' association used to request wholesale men not to sell to their (the retailers') customers. He said if the combination was broken, the price of sugar in Montreal would be at once reduced.

Mr. John Robertson, Montreal, dealer, characterized the sugar combine as a conspiracy. He purchased sugar from the Canada Sugar Refinery for seventeen years but now they had shut off his supply. The combine was organized in 1885 when prices immediately went up. He objected to combines on principle. He admitted having joined other combinations on certain goods because it was impossible to obtain them otherwise. Dealers were limited to sell baking powder and other goods on which combinations exist at certain prices. There were "corners" in biscuits, starch, and the sauces of Crosse & Blackwell, of London, Eng. The combine in biscuits only extended to certain lines.

The committee then adjourned until tomorrow.

"The Ultimate Effect of the Guild"³⁴ (March, 1888)

OTTAWA, March 14. – The evidence given before the Combines' Investigation committee to-day was for the most part corroborative of the information recently furnished by Messrs. Lightbound and Mathewson. Mr. A. D. Fraser, vice-president of the Grocers' association of Montreal, handed the chairman a copy of a petition submitted by the association to Mr. Geo. A. Drummond in October last. It was a protest against the alleged combination between the refiners and the Wholesale Grocers' guild. The extent to which the agreement affected the retailers was that they were obliged to pay $\frac{1}{4}$ c. more on 15 barrel lots, and $\frac{3}{8}$ c. on less than 15 barrels, less $1\frac{1}{2}$ per cent. discount, or sixty days. The wholesalers in the combine were allowed $2\frac{1}{2}$ per cent. discount. Before the combine was started a few retailers were in the habit of buying direct from the refiners. He had never done so. This privilege was now withdrawn. He was not aware of any discrimination between the wholesale guild and the retailers. In 1885 he had made arrangements with Mr. Drummond to purchase

³⁴ From THE OTHER SIDE OF THE CASE. (1888, March 15). *The Montreal Gazette*, p. 8.

direct from the refinery, but it was afterwards represented to him by Mr. Sinclair, the Canada Co.'s salesman, that the wholesalers were kicking so much against the refiners supplying the retailers direct, that the arrangement was allowed to fall to the ground. It was true that the grocers' association had asked the wholesalers not to sell to their customers, but his own opinion was that it did not much matter whether they did or not. He would be perfectly willing to compete with them. Any person in the trade, wholesale or retail, should be free to sell to whom he pleased. He did not approve of any association which sought to regulate prices. He did not think the public derived any benefit from cutting down prices on one staple and increasing them on another one.

THE ULTIMATE EFFECT OF THE GUILD

is that the consumer has to pay more for his sugar. He thought the wholesalers made a profit of 5 per cent., which he considered exorbitant for such a staple article as sugar. He complained that the fixed universal price of the guild prevented any competition, as it gave a fixed profit to the wholesalers on all transactions between them and the retail trade. He understood that this fixed advance applied to all sugars, white and yellow, but he was not certain about this. The Grocers' association had not a list of wholesalers with whom members of the association were to deal to the exclusion of others. When the association passed the resolution condemning the action of the wholesale houses, who were doing a very large purely retail business, they did not inflict any penalties. Some of the largest so-called wholesale firms in Montreal did a largely purely retail trade. There was virtually no fixed line of demarcation between the two branches of business. Practically, they were to-day in Montreal altogether dependent upon the Canada Refining company. Should the refiners break from their agreement with the wholesalers they would be able to sell sugar cheaper. Competition would once more enter into the trade and an exercise of judgment would be required, as before the days of the combine. Of course, there were often cases where a merchant, having purchased when prices ruled low and anxious to realize, would sell below the market price. At present there is no guarantee, as far as he could see, that the guild will continue to be satisfied with the profit they now receive. They might double it, and even then debar competition. Some time ago, when the price of sugar ruled very high, they were able to buy imported sugar at the same price as that which came from the refineries. The quality of the imported sugars is quite as good as the Canadian, but he had nothing whatever to say in disparagement of the white granulated manufactured by the Canada Refining Co. In his business he handled only the higher grades of yellows and he had no reason whatever to complain of the quality of these grades furnished by the Canada Sugar Refinery. He was quite satisfied with them. The lower grades complained about he did not handle. He imagined that the increase of weight was owing to the fact that larger barrels were now used, and partly to more moisture in the sugar. His remedy for the grievance was a slight reduction of the tariff to enable foreign sugars to compete. The price of Canadian sugars would then rapidly descend. He thought protection a good thing as long as it was not abused, but in that case it should be modified in order to benefit

the public. If the refiners only left the combine it would die a natural death. The wholesalers could not keep it up alone.

MR. ROBERTSON'S TESTIMONY.

Mr. John Robertson, of Montreal, in his evidence, said that as a British subject he claimed the right to be protected against illegal conspiracies. He thought it the duty of the Government to protect any solvent trader from being boycotted. He did not deny the right of any private individual in business to sell only to whom he chose, but there is a difference between a private trader and a corporation protected by Government, who have the monopoly of a staple. He denied that such a corporation had the right to take the millions in Canada by the throat and compel them to pay any price they pleased. On general principles, he believed the consumer obtained no benefit from cutting prices, but he thought every man should have the right to sell at whatever profits he saw fit. He had never been in the guild. The Canada Sugar Refinery referred him to the jobbers; they said they could not sell to him. There were combinations in soaps, matches, baking powder and many other articles, but if a person could purchase a certain quantity they can obtain a reduction of price, the only agreement being that they shall not sell at less than the manufacturer's price. They can make any advance upon it they like. He objected to all combines upon principle, but as he was not prepared to go out of business yet, not having amassed a large fortune in his 27 years of business experience, he was obliged to go into several of them, otherwise he could not get a supply of certain articles. He believed in unrestricted trade, but he did not think it quite consistent for a man who professed to be a wholesale trader to do a retail business. There were combines in Cross & Blackwell's pickles, Burgess' Cook's Friend, and manufactured biscuits, but the principle of these combines was different to that of the sugar combine. It was simply a combine among manufacturers to sustain a certain price, not to boycott outsiders, unless they entered into competition with them themselves by selling under manufacturer's prices. Anyone who will pay their price can purchase goods of them. However, if a grocer did sell below cost price he would have his own supplies cut off. This was his definition of a trade agreement as opposed to a conspiracy. He thought the remedy lay in reducing the tariff on imported sugar $\frac{3}{8}$ c to $\frac{1}{2}$ c. If $\frac{1}{4}$ c. was taken off they could make things lively for the combine. This remedy would only apply to sugar and not to other trade trusts.

The committee then adjourned.

"The Wholesalers Heard"³⁵ (March, 1888)

Mr. Walter Paul, retail grocer, had, for the last ten years, bought his sugar constantly from the refiners, and got his sugar at the prices at which the refiners were selling it. He was at first put upon the list of sugar buyers for the combine, and, therefore, his rights were not interfered with until December last, when he went to the Canada Sugar refinery to buy sugar, and was told by a salesman there that his

³⁵ From THE WHOLESALERS HEARD. (1888, March 17). *The Montreal Gazette*, p. 7.

name was not on the list of buyers. He then went to see Mr. Geo. Hadrill, secretary of the Board of Trade, but he was not in. He thereupon wrote a letter to Mr. Hadrill asking by whose authority his name was removed from the list, to which Mr. Hadrill wrote, stating that it was in accordance with a resolution of the Wholesale Grocers' guild. This resolution was passed at a meeting of the guild held at Kingston on the 16th November, 1887, and was as follows:—

Resolved, that the sugar combination be confined to the strictly wholesale houses and that local guilds be requested to erase from membership any retail house, being understood to mean any house selling direct to the consumer and that a new list be sent to refiners of those who are in the combination.

He had signed the sugar agreement, but he was [neither] a guild member of the Wholesale Grocers' nor [of] the retail association. He would now lose about \$1,000 a year, besides the inconvenience of being compelled to purchase from traders he did not wish to buy from. He said it was well known to the guild that he was a retailer when his name was originally placed upon the list as when it was removed, and he held this action was unjustifiable. By the terms of the resolution adopted by the guild at Kingston, he held that such institutions as the Hotel Dieu, the Grey Nunnery, the Windsor hotel and the St. Lawrence hall were consumers, although possibly large consumers, yet he believed that these institutions purchased direct. He held that this was a breach of their own resolution. He was in favor of freedom of trade, but he held that such action was inconsistent. He thought the principle of survival of the fittest in business was the best, but he thought that if the retailers were to be debarred from purchasing where they liked, the wholesalers should be restricted from selling to the consumer. No arrangement should exist unless on a quantity basis. He handled more sugar than many of the wholesale grocers, and thought that the quantity qualification should be the only requisite to enable any trader, wholesale or retail, from buying from the refiners. He understood the Wholesale Grocers' association and the Board of Trade were affiliated. Mr. Hadrill, secretary of the Board of Trade, signed the guild's lists.

THE WHOLESALE GROCERS'S SIDE

Mr. Geo. Childs, a member of the Wholesale Grocers' guild, was next examined. He said the object in forming the guild was to protect themselves against loss. Up to 1883 the wholesale grocers' business had become demoralized and unprofitable, and it was decided that they should organize in self-protection. [...]

Mr. Childs, continuing, said that since the formation of the guild it had always been attended with beneficial results. They were now aiming to conduct business on business principles. He did not consider that the cutting system in vogue before was true commercial honesty. He might say that Mr. Lightbound, who had been one of the aggrieved persons, who had given evidence before the committee, was originally one of the founders of the association, and had been one of the most active members. Some gentlemen had claimed the right of British subjects. Well he was a British subject too, and desired to be heard. In February, 1885, Mr. Lightbound was perfectly

agreeable to enter into the sugar agreement in Montreal and east of it, but he would not enter into any agreement binding west of Montreal. Mr. Lightbound had moved that the agent for Crosse & Blackwell's pickles be approached with the object of forming a combine on those articles; also in rice, starch, baking powder and tobacco. In 1886 he withdrew from the guild for personal reasons, not on account of his objections to the principle of combinations at all. Witness refrained from stating what those personal reasons were, as it was not his business to disclose the affairs of another man. The only articles in the combine were pickles, sugar, matches and English starch. Tobacco and sugar were the only articles of which the guild controlled the price. The agreement between the guild and the refiners was merely a verbal one, and was that whatever price was furnished by the refiners, according to the fluctuations of market prices in sugar, there was a certain fixed advance upon it, in selling to the retail trade. Sugar was a weak spot in the grocery trade, and the cutting system had undermined the capital of many engaged in it. It had been suggested in April, 1887, that the wholesale grocers should altogether abandon the sale of sugar, as they were merely acting as brokers without commission for the refiners and guaranteeing all bad debts. They had then asked the refiners to supply the retail trade themselves, but the refiners did not care to do this. Had they done so, they would certainly have been obliged to advance the price. The guild then gave refiners the option of either taking the trade into their own hands or of making a difference of $\frac{1}{4}$ cent between wholesale dealers and small buyers or those not in the wholesale guild. This was only on granulated sugar. In August it was decided that those not in the combine were to pay $\frac{1}{8}$ c more than those on the sugar list, and they were also to lose the $2\frac{1}{2}$ per cent. discount. Grocers were not the only persons in the guild. There were also wholesale confectioners in it. This new agreement applied to all grades of sugar, white and yellow. There were no regulations as to the quantity to be purchased. There was some discussion about making those outside the combine purchase two barrels of yellow to one of white, but this regulation was not enforced. The wholesalers in the guild get $2\frac{1}{2}$ per cent. discount and allow $1\frac{1}{2}$ per cent. On all sugar sent outside the city of Montreal the retailer pays the freight. He said there was no comparison between the American sugar trusts and their combine. The trusts in the States were really dangerous associations, as they controlled not only the price at which it should be purchased, but the output of sugar, but the Montreal combine was formed merely to protect the wholesalers. Mr. Paul's name had been on the list of those privileged to buy from the refiners, but a deputation of retailers waited on the guild and complained that this was unjust, as it enabled Mr. Paul to sell at prices with which they could not possibly compete. They represented that either their names should also be put on the list or his should be immediately removed. The guild, therefore, decided to treat all the retailers alike, and Mr. Paul was told he must buy from the wholesalers in the guild and pay the difference. The wholesalers were also forbidden to sell to consumers since. He had never heard any complaints of wholesalers breaking this rule. The guild had absolute control of the names on the list of those privileged to buy from the refiners, but some of the names were suggested by the refiners and placed on the list accordingly. A great many persons in the sugar

agreement were not members of the guild. Of course, the names suggested by the refiners were of persons willing to conform to the regulations of the combine, otherwise they would not be admitted. Every Friday he asked the refiners what their price was. If sugar rose or declined only $\frac{1}{8}$ c during the week the price to the retailers remained unchanged, but if the increase or decline rose to $\frac{1}{4}$ c or over the price was changed. If there was any difference between the refineries' prices they would take the averages and base their advance upon that. As a matter of fact, however, the Canada Sugar refinery price was usually taken as the basis for the advance.

MR. MATHEWSON'S EVIDENCE

Mr. W. B. Matthewson, of the firm of J. A. Matthewson & Co., wholesale grocers, Montreal, stated that his father, Mr. J. A. Matthewson, was told at the Canada Sugar refinery two or three months ago that he would have to pay $\frac{1}{8}$ c per lb. extra and no discount on all white and yellow sugars. Witness would not enter any combination, but would enter an agreement to sell goods at a profitable advance, but would not prevent any one getting them from any other refinery or manufactory because he did not agree with them.

“Ruinous Competition”³⁶ (March, 1888)

Representatives of various Grocers' Guilds explain that the sugar agreement is only intended to yield a “moderate profit” and prevent mutually destructive rivalry between wholesale grocers. Some grocers feel it is not fair that retailers with orders as large as those of many wholesalers should be prohibited from buying from refineries directly.

Mr. William Ince, president of the Dominion Grocers' Guild of Toronto, said that some years ago it was felt that the members of the wholesale trade should know more of each other and guilds were formed for that purpose, the proceedings of which were mostly of a social character. The Dominion guild was then formed for regulating and suggesting matters relating to business. It was found to be desirable to get rid of the evils of the cutting system which prevailed, which ruined both the wholesale and retail trade. He discussed the tobacco combine in almost the same terms as those of Mr. Childs. He contended that in putting on this advance of 3c. they had merely put on a moderate profit. The lowest profit at which business can be done in Ontario was $3\frac{1}{2}$ per cent. on sales and pay for incidental expenses which arise in business. This makes no allowance for bad debts, which is not less than $\frac{3}{4}$ per cent., and which really brings the expense of doing business to an average of $4\frac{1}{4}$ per cent. That is the minimum. If the wholesale grocers get $6\frac{1}{4}$ per cent, it costs them $4\frac{1}{4}$ per cent. to do business, and they get a profit of 2 per cent. only. There is no agreement with the tobacco manufacturers, except that the manufacturers are to assist them in every possible way in influencing others to join the combine. Their profit on the average price of sugar does not exceed the expenses of doing business. When they started the

³⁶ From SUGAR AND COAL COMBINES. (1888, March 19). *The Montreal Gazette*, p. 5.

combine for this article they agreed to ask no more than was absolutely necessary for the handling of the goods. As it is, they lose 2 per cent. on yellow sugars of all kinds. Four or five years ago they were more troubled with sticky sugar than now, although there is an inferior sugar made to meet the demand for cheap sugars. He remembered several failures of grocers in Toronto. During the last year there was an advance of 40 per cent. on raw sugar during the season. The refiners made a good deal of money then through having large stocks on hand, but they had lost considerably since. In answer to a question, he said there was an understanding that the refiners were to sell to those in this arrangement at a less price than to those outside.

MR. HERBERT'S EVIDENCE

Mr. C. P. Herbert, vice-president of the Montreal guild, corroborated the evidence of Mr. Childs, president of the Montreal guild, given yesterday, and that of Mr. Ince, president of the Dominion guild, given this morning. Before this sugar agreement was entered into, this article was sold at ruinous competition, and since the formation of this arrangement they are sold at bare living profits. The guild was not formed for the purpose of advancing the cost of goods to the consumer, but more particularly to regulate abuses in the trade. His firm sold this year close on \$275,000 worth of sugar, perhaps more, comprising one-third of white at 4 to 4½ per cent. profit, and two-thirds of yellow at about 2½ per cent., which showed as near as possible a net profit of 1¼ per cent. after deducting working expenses, yet from this small profit they had to assume the risk of bad debts. He might mention, also, that his firm kept no travellers, so that the profits of a firm which kept travellers would be less. With reference to Mr. Paul's statement yesterday that he had lost \$1,000 by this arrangement, Mr. Herbert said since the arrangement was entered into the retailers as a rule had advanced their prices, and he did not think that the sugars sold by Mr. Paul during the last year, even if he had not advanced the price, would show a loss to him of over \$550.

THE SECRETARY OF THE MONTREAL GUILD

Mr. W. W. Lockerby, of the firm of Kirk, Lockerby & Co., in answer to a question, said that while he was secretary of the Wholesale Grocers' association Mr. John Robertson had asked him how he could be placed on the agreement. He said to Mr. Robertson that he had no authority to place his name on the agreement, but if he was a regular customer of the refiners he would place his name before the members of the association. He was, however, not accepted, because he did not prove his case.

The Chairman thought they should not allow those to be discredited those who were summoned before the committee. This was not a criminal court.

Mr. Lockerby, continuing, and in answer to another question, said that Mr. W. B. Matthewson, son of Mr. J. A. Matthewson, had met him as he was going to the post office one morning, about three weeks before the sugar agreement came into operation. After he had got his mail they walked down the street together, and Mr. Matthewson said to him: "When are you going to get this sugar business fixed?" Witness replied, "We expect to get it fixed sometime." Mr. Matthewson then said: "If you ever do we are going in, and we are going to keep it." When the Dominion guild met at the Windsor some three weeks later the question was asked as to who were

willing to go into the arrangement and he (Mr. Lockerby) understanding that the Matthewsons were agreeable, according to the above statement, gave in their name. He and Mr. Wills afterwards called at the Messrs. Matthewson's for signatures to the sugar agreement. Both the sons, Mr. W. B. and Mr. Samuel Matthewson, were in, but the father was out. Mr. W. B. Matthewson said, "You will have to see my father, and if he refuses to sign it I will see that it is signed. What does he want to put his opinion against the whole country for?"

EMANATED FROM THE RETAIL TRADE

Mr. W. H. Gillard, wholesale grocer, of Hamilton, Ont., and president of the Hamilton, London and Brantford Wholesale Grocers' guild, said that from 85 to 87 per cent. of the wholesale grocers had signed the agreement. The combine really emanated from the retail trade, as they felt that it was unjust that jobbers should be enabled to deal direct with the refiners while those retail traders who had as much business were unable to do so. Since the arrangement the profit is so small that it barely covers expenses. Mr. Lightbound had said, at a meeting of the guild held in Toronto, that if this agreement was not made on sugar he would go out of the tobacco agreement and out of the guild altogether. It has been said that the sugar was never so poor or so high in price as now, but the price was 25 to 35 per cent. lower than in previous years. The price of white sugar for the retail trade in 1881 was \$9.90; in 1883, it was \$8.90; in 1885, it was \$6.65; in 1887, it was \$6.75; and in 1888, it was \$7.25. Prior to the sugar agreement the second grade of white granulated had been manufactured to meet the demand for cheap sugars, which were often sold by retailers as standard goods, and the people thus defrauded, but this was now done away with.

WHAT THE MINUTES SHOW

Mr. E. A. Wills, of Toronto, secretary of the Dominion guild, read those portions of the minutes of the meetings held relating to the sugar agreement, and the first formation of the association. After the sugar agreement had been arranged it was suggested at one of the meetings that those who did not sign the sugar agreement should not be sold to by the refiners, but this suggestion did not meet the approval of the refiners. He knew that many retailers had been supplied by the refiners for years before this agreement, and some of the refiners had represented at the commencement that although these men were not retailers they had been supplying them for years and they did not wish to lose their custom. The association did not press this point at the commencement, but they did later on, and these men were taken off the list as being retailers. The delegates told the refiners that there were several large refiners who had adopted this measure, and sold only to persons in their agreement. He explained that at these meetings recorded in the minutes, the movers of the resolutions were all Western men who had suffered very greatly from the action of Messrs. Lightbound, Ralston & Co., who were cutting up the trade. There were manufacturers in the Dominion who selected the persons to whom they should sell, and who made the conditions upon which they should sell [to] them. This was an individual, not a concerted action, of several manufacturers. In his capacity as

secretary of the Bankers' association, he said that there was no arrangement between the bankers as to what rate of interest they should charge for loans.

RETAILERS IN FAVOR OF THE COMBINE

Mr. W. W. Sewell, retired grocer, of Hamilton, expressed entire satisfaction with the work of the guild, and with its regulating the retail trade. The retail trade could now sell at a profit whereas in past years they were not able to do so. He thought that the fixing of the rate at which the wholesaler should sell to the retailer was a good thing as it put a stop to the cutting, which was formerly very general. They now had half a cent profit.

Mr. W. P. Clay, retail grocer, of Galt, Ont., endorsed the system by which the guild regulated the prices for the retail trade. He was satisfied with the prices of sugars being fixed by them. He might have made a little more money by being able to buy where he liked, and get the advantage of the rise in prices, but he thought that the present system was harmonizing the trade.

“Combinations Condemned”³⁷ (May, 1888)

The 1888 investigation was thought to be damning to the sugar agreement, but (as will be seen shortly) led to little, if any, long-term change.

These facts prove this grocers' guild with its several combinations to be obnoxious to the public interest in limiting competition, in enhancing prices, and by the familiar use of its growing and facile powers tending to produce and propagate all the evils of monopoly. Certain dealers are refused admission into its ranks; others are admitted and afterwards expelled; others are again placed under the ban, who from conscientious scruples or in a spirit of independence refuse to join them. Merchants who have been buyers on equal terms and with equal facilities with other merchants suddenly find themselves under the power of this combination. Thus establishments which in some cases are the growth of half a century of toil and honorable dealing and rich in valuable experience and public confidence are threatened with extinction. No reasonable excuse, much less justification, exists for many of these arbitrary acts and agreements. The wholesale grocery trade had been for many years in a flourishing condition; failures were almost unknown. The alleged demoralization of the sugar trade was but the same condition of trade that existed for many years, owing to the custom of selling sugar at a low rate of profit. The reason given for fixing prices on many other articles was that they were being sold at too small a rate of profit. Fixed profits were agreed upon and afterwards increased, and in no instance lowered, though values generally had fallen. It was seen that an association, formed at first to arrange uniform terms of credit and discounts, and to prevent the dating ahead of invoices, etc., soon and rapidly extended its operations to more ambitious schemes. The power used cautiously at first was soon grasped with a firmer hand,

³⁷ From COMBINATIONS CONDEMNED. (1888, May 17). *The Montreal Gazette*, p. 2.

and at length “The simple plan / “That they may take who have the power” governed the operations of these associations.

1891 – 1913

“Make trash and charge a big price for it”³⁸ (February, 1891)

Sir John A. Macdonald’s conservatives won the 1891 election on a “National Policy” of protectionism. The tariff on sugar was raised as part of this policy, further shielding Canadian sugar refiners from foreign competition. This resulted in (allegedly) lower quality and higher prices for sugar.

SIR, – Now that a Dominion election is at hand there is one very important matter which you do not half enough talk up in your papers, nor do those who have been lecturing on the Reform ticket for the last two or three months, and that is the sugar monopoly, and sugar is a thing which enters largely into every man’s house or family, be he poor or rich, and as a matter of course they are interested in getting it as cheap as possible. After the Hon. Alexander Mackenzie went out of power, the first thing that Sir John Macdonald’s government did was to raise the duty on imported sugar so high that it could not be imported to compete with the sugar refiners here. After having given them a complete monopoly of the whole business and power to charge whatever price they chose to, the refiners commenced in making a very inferior article, particularly in what is called yellow refined sugar, and which is most generally used, and with the exception of their No. 1 brand (which is not altogether what it ought to be, either) is horrible stuff, not at all like what they used to make when the duty admitted of competition, and wholesale dealers to import. They have advantage of their position to make trash and charge a big price for it. I think every retail dealer can testify what a slow, tedious, horrible job it is to take it out of the barrels into drawers ready to retail out. It is just like taking out tough, damp, blue clay. I am a retail dealer of the article, and there is no job I go at that I so much dislike. Since this monopoly came into existence I think we pay about 100 per cent. more for sugar than we ought to do if we had an honest government. When in the old country last summer I saw excellent yellow refined sugar retail at 1½d per pound, and the very best for 2d per pound, which have to be retailed here for 7c and 8c per pound. I also saw the very best white granulated sugar retail at 2½d per pound, which is retailed here for 8c or 9c by the single pound. So it is evident we pay here very much more than we ought to if our refiners were not so highly protected by our government.

³⁸ From GROCER. (1891, February 20). The Sugar Monopoly. *The Winnipeg Tribune*, p. 1.

“Claim It’s a Grocers’ Combine”³⁹ (April, 1905)

By 1905 at the latest, wholesale grocers in Ontario were back to their exclusionary policies of the 1880s.

Toronto, April 1 – The Grocers’ Wholesale Co., Ltd., of Hamilton, has commenced an action against the Dominion Grocers’ Guild with H. C. Beckett and Price & Co. as co-defendants, claiming \$10,000 damages. They allege the Canadian Grocers Co., organized by H. C. Beckett, formed a combine of ten large wholesale houses with the object of compelling the sugar refiners to sell only to them and to refuse to sell to the plaintiff company.

The ten companies alleged to be in the combine are Balfour Co., W. H. Gillard & Co., Jas. Turner & Co., Lucas Steele & Bristol, Jno. Sloan & Co., Edward Adams & Co., Davidson, Hay & Co., Warren Bros. & Co., J. P. Smythe & Co. The defendants ridicule the charges.

Freight and the Combines⁴⁰ (January, 1905)

The Wholesale Grocers’ Guild was suspected of using special agreements with the railways to stifle competition.

The board of trade of Port Hope is appointing a special committee to enquire into the question of discrimination in prices of sugar in various parts of Ontario. It is charged that the Wholesale Grocers’ guild is squeezing the people of the country especially outside the larger cities; that the guild will not permit sugar to be sold f.o.b. at refineries or from wholesale grocers at distributing points; that no traveler is permitted to sell a grocer who does not buy through the guild and that the guild decides what the freight rate shall be to every point in the Dominion. The Port Hope Guide gives the following freight rates per hundred pounds from Montreal to the points mentioned, which it alleges is proof of discrimination:

Toronto	8c.	Port Hope	22c.
Brockville	7c.	Cobourg	20c.
Ottawa	7c.	Peterboro	11c.
London	12c.	Lindsay	22c.
Windsor	14c.	Wingham	30c.
Kingston	7c.	Opeongo	31c.
(both County Frontenac)			
Belleville	8c.	Coe Hill	32c.
(both County Hastings)			

³⁹ From Claim It’s a Grocers’ Combine. (1905, April 3). *The Manitoba Free Press*, p. 10.

⁴⁰ From AN ALLEGED COMBINE. (1905, January 6). *The Ottawa Citizen*, p. 6.

“Would it not be well,” says the Guide, which is a leading Liberal organ, “for the railway committee to resign, for it would look as though its duties were being performed by the guild?” It suggests that the boards of trade in other towns should co-operate, and adds:

“The Guide has always been Liberal and in hearty support of the present administration, and we therefore have to regret when we say that the Dominion government appears in all such cases to back and endorse the organized forces of “combine” as against the unorganized rights of the people. Indeed, instead of applying a remedy (the remission of duties on sugar or paper for instance) the anti-dumping clause was invented, which effectually prevents anyone on this side from taking advantage of any slump, glut or lowness in price in the United States markets. We say this appears to be the case; we should like to be convinced to the contrary.”

Refused Goods by the Refinery⁴¹ (November, 1905)

The Grocers' Wholesale Co. made the most startling claim. They said that they had been refused goods by the Redpath Sugar Refinery, which said that its whole output was controlled by the Wholesale Grocers' Guild and that it would be necessary for the wholesale grocers to join that guild to get goods. The starch manufacturers, canners of vegetables, and so forth had been forced by the guild to decline orders from the wholesale grocers, and for this reason the grocers asked that all these articles should be placed on the free list.

The Knight Sugar Company of Raymond, Alberta⁴² (December, 1906)

A smaller, Albertan refinery, founded in 1902, was accused of using the same tactics as its elders in refusing to sell to a non-Guild grocer.

The Knight Sugar Company of Raymond, wants the duty on “raw” sugar increased and protection from what Manager Ellison termed the “ruinous competition of British Columbia refiners.” This brought out sharp words from the Bentley Wholesale Grocery company’s manager, of Lethbridge. He did not want the tariff increased and alluded to the presence of a Guild among Alberta wholesale grocers. [...] [When] the subject of duty on sugar was taken up, E. P. Ellison, manager of the Knight Sugar factory at Raymond, submitted the following communication:

The Knight Sugar Company was organized in 1902; capital \$1,000,000, cost of factory and works incidental thereto, \$500. The balance is invested in cattle and land. Every dollar of the capital has been paid up in cash and invested in the property.

In 1903 the factory produced 300,000 lbs. granulated sugar.

In 1904 the factory produced 3,100,000 lbs. granulated sugar.

⁴¹ From COMMISSION AFTER GROCERS. (1905, November 25). *The Windsor Evening Record*, p. 1.

⁴² From THE TARIFF DISCUSSED IN CALGARY. (1905, December 9). *The Calgary Daily Herald*, p. 1.

In 1905 the factory produced 4,600,000 lbs. granulated sugar.

In the season just closed, 1905, the company paid the farmers in cash for beets, and distributed in all about \$175,00, of which \$12,000 was to Indians.

To date the proprietors have received in all 6 per cent. dividend, which largely came out of the cattle business.

Cost of sugar about four cents per lb. This is high, but the company is experiencing the difficulties of all pioneers.

About 1897 there was one factory in the Inter-Mountain States of Utah and Idaho, producing 12,000,000 pounds.

In 1905 these two States have eight factories and three cutting stations, producing about 75,000,000 pounds of sugar, and paying to the farmers of the two States over \$2,000,000 for beets alone.

Alberta has a much greater productive area than these two States.

The Knight Sugar Co. has demonstrated that the beet sugar industry under proper conditions can be developed to an enormous extent in Alberta alone.

The refining of cane sugar in Canada means about \$5 to Canadian labor for each ton of sugar produced while Canadian beet sugar enterprises mean from \$60 to \$70 per ton for Canadian labor.

From the few figures collected re[garding] B. C. Sugar prices, it would appear as if something was wrong in permitting that company to play fast and loose with prices as is done in this district.

Can this be corrected by either lowering or raising the tariff? While we know very little about tariffs, we would like to see the tariff raised to that which prevails in the United States.

The B. C. Company takes advantage of the preferential tariff, as it has its own plantations in Fiji, and in this the Canadian beet grower comes into competition with coolie labor. [...] [The B. C. Company] can harass the Raymond Company, until the latter company disposes of its output, when the B. C. Co. can restore prices to such a height as to make good any losses entailed by forcing down prices.

An increase in the tariff might have the effect of forcing the cane producer to maintain more equitable prices throughout the territory in which it sends its sugar. An increase would thereby give the Raymond Company an advantage, and put the production of the beet sugar on a profitable basis. This would mean that other beet factories would start, and competition would protect the consumer.

History is repeating itself. When the beet industry started in Utah, it was largely bonused by the Federal and State Governments, paying as high as 2 cents per lb. (Ontario to-day pays a bonus.) The California coast refineries made an onslaught on the district to the Utah beet factory, and offered sugar considerably below cost.

The people, realizing the true position, paid more for the local sugar and thereby enabled the beet refinery to hold up against the vigorous opposition of the cane product.

Respectfully,

E. P. Ellison,

Manager.

Prices of sugar at the points indicated between August and December, 1905:

B. C. SUGAR

1905.	At Vancouver	At Lethbridge
Sept. 23rd	5.75	5.71
Oct. 28th	5.75	5.31
Nov. 11th	5.50	5.11
Nov. 25th	5.25	5.11
Dec. 2nd	5.25	5.11

He not only wanted additional tariff, but wanted protection against British Columbia sugar, which is not manufactured from home grown products. He thought the British Columbia refiners were cutting into his territory because they paid freight on sugar from Vancouver and sold it in Lethbridge at eight cents less than in Vancouver. He wanted the tariff on the raw product, which is from 70 [cents] to \$1.26 per hundred, placed nearer what it is in the states – \$1.82. This gives that much difference in protection to beet sugar in the states.

Mr. Barford, manager of the Bentley Wholesale Grocery company of Lethbridge had a word to say. He complained that Mr. Ellison had refused to sell his sugar. That was admitted and he said it was because Barford was not a wholesaler in the strict sense, but a retailer. Mr. Barford said it was due to the fact that he was not on the list of the Alberta Wholesalers' Guild and that he wanted to protest against any further duty on sugar, asserting that if the commission did anything they should break up the Eastern Grocers' Guild.

This was the signal for much more discussion.

Ellison: It is no combination.

Barford: I say it is.

Fielding: Will you, Mr. Ellison, sell to this man whether he is on the Guild's list or not?

Ellison: Certainly, if he is a wholesaler. I know nothing of the Guild.

E. H. Telfer, secretary of the Alberta Wholesale Grocers' Guild then took the stand. He said there was no arrangement with the Knight factory and the Guild.

Fielding: And if the Knight factory want to sell to the Bentley company, would it be a breach of faith with the Guild?

Telfer: No.

Brodeur: But there is a Guild in Hamilton?

Telfer: Yes, we are members of the Dominion Grocers' Guild.

Brodeur: What is the purpose of the guild?

Telfer: We formed the Guild here for the benefit of ourselves.

Senator Templeton: A sort of trade union?

Brodeur: Any agreement as to the price of goods?

Telfer: Nothing that is not controlled by the factory.

Brodeur: But you are not controlled by the Knight company?

Telfer: But we make just five per cent on sugar and it costs seven to do business.

Brodeur: You are free to buy where you please?

Telfer: Yes, we have had no communications with the refiners as a guild on matters in point.

Fielding: Are there any foreign refined sugars brought in here?

Telfer: No.

Fielding: And this is not due to any understanding?

Telfer: No.

Fielding: In the east there is a feeling that the guild does exist and that these things are due to an understanding?

Telfer: I have never heard that any guild was not to import foreign sugars.

R. C. Johnston, a Calgary broker, then took the stand. He declared Mr. Telfer's statements to be correct. He said he would sell to anybody in the wholesale business, though he had as yet only sold to those within the guild. He said he would sell if he desired to any wholesaler if he were not on the guild's list. He would sell to any wholesaler who applied to him, he thought.

Peterson: Especially if the B.C. agent would?

Johnston: Yes.

Fielding: Then there is competition?

Johnston: Yes, I know it.

Dr. DeVeber explained that he thought Mr. Ellison wanted to make the point that as his factory consumed home made products it deserved more consideration than the B.C. refiners who manufactured from foreign products.

Again taking the stand Mr. Ellison admitted that his factory sold their goods at a less rate some distance from Raymond than at home, the very thing he was complaining of the Vancouver refiners doing. Allowances had to be made for the increasing freight rates in his sales.

Conduct and Conspiracy⁴³ (June, 1906)

Hamilton, June 1. – The case against the Wholesale Grocers' Guild, on the charge of conspiracy, was continued yesterday morning. [...] Letters were submitted which showed that the guild had what it called an equalized sugar freight rate, that [differed from] the rates of the railways, from whom the refiners got the difference in the form of rebates. Whether the guild got anything out of the rebate has not been shown yet.

It was shown that two grocers, Andrew McBean of Kingston and John Curtis of Port Hope, could not buy tobacco, sugar, syrup, starch or salt from the manufacturers or guild except at the retail rates.

⁴³ From WHOLESALERS. (1906, June 1). *The Windsor Star*, p. 1.

“Shut off the supplies”⁴⁴ (October, 1908)

Toronto, Oct. 20. – The evidence in the prosecution of the Dominion Grocers’ Guild, as a combine, consisted today wholly of the reading of correspondence from the guild files. John Garvey, of London, had sold tobacco under the price and was promptly called to account.

Jas. Lumbers, of Toronto, wanted to sell sugar at a reduced rate and had refused to contribute to the guild expenses in the sugar agreement, and the Acadia Sugar company had been notified to shut off the supplies. B. W. Robertson, of Kingston, also had his sugar supply cut off, and though he imported the sugar for a while he finally caved in. Sir Wm. MacDonald, tobacco manufacturer of Montreal, had yielded to persuasion and consented to make uniform prices. Thos. Kinnear, of Toronto, had complained that the department store was getting sugar cheaper than the guild members, but was told the source of the supply could not be learned.

“The conditions that existed then exist still”⁴⁵ (January, 1909)

When the Tariff Commission was in Hamilton in 1905, the managing director of a house which had been incorporated four years before, for the purpose of carrying on a wholesale grocery business, complained that he had shortly before been denied supplies at wholesale prices, although he had been buying in a wholesale way and meeting all demands as to terms for three years. This denial of the right to buy applied to the output of starch factories, canneries, sugar refineries, etc., and the denial was entirely due to the fact that the house in question was not a member of the Wholesale Grocers’ Guild. Precisely similar evidence was given, in so far as sugar was concerned, by the manager of the grocery department of a departmental store, when the Commission was at Berlin. This buyer, although handling a larger quantity of sugar than the majority of the wholesale houses, and paying cash, was refused the right of buying direct from manufacturers which wholesalers enjoyed. As a result prices in all lines mentioned were not fixed by competition, but by agreement and at an unreasonable level.

The conditions that existed then exist still. Sugar refiners and manufacturers of many other lines of grocers’ supplies are still under agreement to “allow the wholesale trade discount only to such wholesale firms as are on the list attached” – the list covering the members of the wholesale grocery combine. The members of this latter combine on their part agree together that they “will not buy from any manufacturer or agent thereof any proprietary line of new goods until notified in writing by a member of the Price Committee that satisfactory arrangements have been completed.” Wholesalers even went so far as to “promise and agree to enforce

⁴⁴ From GUILD PROSECUTION. (1908, October 21). *The Winnipeg Tribune*, p. 10.

⁴⁵ From HOW COMBINES’ GRIP GETS TIGHTER AND TIGHTER. (1909, January 5). *The Winnipeg Tribune*, p. 8.

the penalty of discharge of any salesman knowingly evading the honorable observance of every condition upon which the sugar agreement is based.”

There was a further undertaking to provide the means for making investigations into any breaches of the agreement among the wholesalers for the fixing of prices, and it was necessary “to engage the services of a disinterested party for that purpose,” the decision rendered by the committee making the investigation to be final. A later code of rules goes yet further and prohibits travelers for the wholesale grocery combine from [the] making of bets with buyers, or the offering of baits or inducements of any kind, including the giving of low quotations on their lines as an inducement to effect a sale of sugar. Anything and everything that human ingenuity can devise in the way of agreement has been resorted to for the purpose of ensuring the maintenance of an arbitrary price list by means of which inordinate profits are extracted by allied companies from the consumer.

The Innocent Guild of Grocers⁴⁶ (March, 1910)

The Wholesale Grocers’ Guild was taken to court on counts related to restricting competition. They were found not guilty in March of 1910. Judge Falconbridge agreed that the intent of the Grocers’ agreement had been to prevent losses through destructive rivalry, not to profit at the expense of the public, and he found that there had been no technical breach of the law.

The Toronto Star contains the following report of the judgment of Chief Justice Sir Glenholme Falconbridge at Toronto, on what is known as the Grocers’ Combine Case. The charge was conspiracy against trade and commerce. The case began at the Autumn Assizes, Hamilton, in 1907.

THE JUDGMENT

I find the facts then to be as follows:

1. The defendants have not, nor has any of them, intended to violate the law.
2. Nor have they, nor has any of them, intended maliciously to injure any persons, firms, or corporations, nor to compass any restraint of trade unconnected with their own business relations.
3. They have been actuated by a bona fide desire to protect their own interests and that of the wholesale grocery trade in general.

As far as intention and good faith or the want of it are elements in the offence with which they are charged, the evidence is entirely in their favor.

Have they, then, been guilty of a technical breach of law?

This question is answered by the citations which I have given above, and which cover every branch of the case.

I, therefore, say that the defendants are not, nor is any of them, guilty as charged. There are minor matters as to which I, sitting as a jury, give the defendants (as I am bound to do) the benefit of the doubt, and as to which I warn the defendants

⁴⁶ From THE GROCERS’ GUILD. (1910, March 9). *The Montreal Gazette*, p. 8.

and those in like case to be careful, e.g., as to alleged efforts to coerce wholesale dealers into joining the guild.

It is of the essence of the innocence of defendants that the privileges which they seek to enjoy should be extended to all persons and corporations who are strictly wholesalers, whether they choose to join the guild or not.

THE CHARGE

Chief Justice Falconbridge delivered the above judgment and thereby terminated the celebrated case of *Rex vs. Beckett et al.*, or, popularly speaking, “The Grocers’ Combine Case,” which has been before the courts for over two years, has attracted widespread attention, and involved an almost incalculable volume of business.

The indictment was found by a grand jury at Hamilton at the Autumn Assizes of 1907. It charged “that Henry C. Beckett, George E. Bristol, John I. Davidson, Thomas B. Escott, W. G. Craig, Joseph Eby, and Thomas Kinnear, the Dominion Wholesale Grocers’ Guild, and the Ontario Wholesale Grocers’ Guild, did in and during the years 1898, 1899, 1900, 1901, 1902, 1903, 1904, and 1905, at the city of Hamilton, in the county of Wentworth, and elsewhere in the said province, unlawfully conspire and agree and arrange one with the other and other of them and with” ... some 208 named persons, firms, and corporations, “and with the several members during the years aforesaid of such as are corporations and with the several officers and members of committees of the Dominion Wholesale Grocers’ Guild, and of each of the provincial guilds, during the years aforesaid, and other persons, firms, and corporations at present unknown:

“(1) – To unduly limit the facilities in producing, manufacturing, supplying, and dealing in sugar, tobacco, starch, canned goods, salt, and cereal and other articles and commodities, being articles and commodities which are the subject of trade and commerce.

“(2) – And to restrain and injure trade and commerce in relation to such articles and commodities.

“(3) – And to unduly prevent, limit, and lessen the manufacture of such articles and commodities.

“(4) – And to unreasonably enhance the price of such articles and commodities.

“(5) – And to unduly prevent and lessen competition in the production, manufacture, purchase, barter, sale, and supply of such articles and commodities, against the form of the statute in such case made, and provided and against the peace of our Lord the King.”

ADMISSIONS BY CROWN

In delivering judgment, His Lordship says in part:

“Counsel for the Crown admitted that no case had been made out against defendants under section one (1) of the indictment corresponding to sub-section A of section 498 of the code (for unduly limiting facilities for transportation, production, etc.) and that the case would have to be maintained, if at all, under the remaining charges corresponding to sub-section B, C and D of the said section.

“It is suggested rather than argued by respondent that the agreement relied on by the appellant is unlawful under the provision of the statute of 1907 entitled ‘an Act to define trusts and to provide for criminal penalties and civil damages and punishments of corporations, etc.’

NO EVIDENCE OF ENHANCEMENT

“In the present case there has been no evidence of the enhancing of prices – no complaint by any consumer – no complaint by any retail dealer – but rather approbation.

“It is conceded that the proper method of distribution of goods from the manufacturer is through the wholesale dealer to the retailer, and then to the consumer, because this is the most economical method. For if the manufacturer attempts to deal directly with the consumer or even with the retailer, he must, in a country like Canada, sparsely settled and of enormous area, maintain a staff of travellers and also establish depots for his goods at important points. These are great outlets of expenditure, for the traveller, carrying only one line of samples, gets possibly as large a salary and certainly spends as much in travelling expenses as the traveller for a wholesale house who sells, we are told, three or four hundred different articles. This is one reason why the wholesaler undertaking the sole distribution gets a larger profit, and yet the price is not enhanced to the consumer.

“The various cases of alleged oppression and ‘driving out of trade’ of persons who either openly, or by some ingenious device, aim to belong to the wholesale trade, and at the same time sell at retail, are thus easily understood. If this system were to be practiced, it would injuriously affect and demoralize the trade, not only of the wholesaler, but of the retailer, and the consumer would certainly not be the better in the long run. The same remarks apply to the efforts made to put a stop to the cutting of prices.”

EQUALIZATION OF RATES

“There was some complaint about the system known as the ‘equalization of rates,’ it being contended that it bore unequally and oppressively as against certain towns or districts. This statement was entirely disproved, and it was shown that the ‘equalization’ was based strictly upon the freight rates of the different railways, so that the retail merchants got their goods at the different points at practically the same prices.” [...]

COMMENT ON EVIDENCE

His Lordship then comments on and quotes from special portions of the evidence which particularly bear upon the point at issue:

“Prior to the formation of any association of wholesale grocers, the conditions of trade in tobacco, starch, and staple articles, sugar, canned goods and matters of that kind and cereals, are proved to have been very unsatisfactory. The wholesale grocers were making a very small profit altogether, and not even a living profit on staples. Price-cutting was prevalent. Defendants claim it was owing to the unfortunate and unsatisfactory conditions that existed that some step had to be taken to preserve their existence in trade.

“The evils of which the wholesale grocers were complaining and for which they sought a remedy were that a great many lines of goods were being sold at a less price than they thought they ought to be, and business conditions were not fairly understood and enforced, as the grocers thought they should be. It is sworn that the object of the guild in seeing the manufacturers was to try and get, if possible, sufficient profit to deliver or market their goods without drawing upon the profit of other portions of the business.

THE GUILD’S ORIGIN

“The guild’s origin was due to the fact that conditions of the trade were very bad, and it was found necessary in order to prevent disaster amongst those engaged in wholesale business to meet and confer with a view of seeing what measures might be arrived at to improve such conditions.

“The Wholesale Guild came together for the purpose of forming an association for their mutual helpfulness, to educate each other as to the conditions of trade, to endeavor to promote legislation, when necessary, for the purpose of consulting with regard to the standing of customers, for the general purpose of throwing light on better methods of doing business, and to increase the profit if possible.

“One of the witnesses, Mr. Blain, further says that the bone of contention between the wholesalers and refiners was that the refiners could not afford the wholesalers a profit between the wholesale and retail trade, and the wholesalers’ contention on the other hand was that they could not exist without it. The refiners contended that they could not sell goods themselves for the profit they were getting. In short, the wholesalers wanted more profit on sugar from the refiners, the price to the retail trade was to remain the same.

“Another witness, Mr. Beckett, in his evidence states that the organization was at first rather a ‘go-as-you-please’ affair. There was no system about it, and only a part of the wholesalers appear to have acted in the conference in the early stages. Some took no interest in the matter. The wholesale grocers had what they called a guild, but they did not even have a list of the members. No guild member could tell or knew who the other guild members were, and apparently they had no opportunity of knowing from any records or books of the so-called guild.”

PUBLIC POLICY

His Worship then shows the necessity of considering the common as well as the statutory law in regard to the case.

“This prosecution is under the statute, but it is instructive to consider the common law on the subject as defined by several leading cases and authorities. The doctrine that certain contracts are void as being in restraint of trade is founded upon considerations of public policy. According to the well-known dictum of Mr. Justice Burrough, public policy is a very unruly horse, and when you get astride it you never know where it will carry you. To determine what is and what is not prejudicial to the interests of trade requires exceptional insight into economic conditions, and the nature of commercial transactions, and consequently, as the late Mr. Justice Cave once remarked, ‘judges are more to be trusted as interpreters of the law than as expounders of what is called public policy.’”

A great number of precedents follow, a few of which are given below as referred to by His Lordship:

Apropos of a judgment in the case of Ontario Salt Company vs. Merchants Salt Company, he observed:

“So that it would be dangerous to accept as a settled doctrine of political economy or proposition of law, that under any and all conditions, and at all times, every man or corporation should be declared to have an absolute and inalienable right to buy and sell, trade or barter, with any other person or corporation, without restriction as to quantity or price.

“The case of Rex vs. Elliot (1905, 9 O.L.R., 648) has been strongly relied on by the Crown. There the defendant was president of and took an active interest in the conduct of the Ontario Coal Association. That association was not formed so as to include a whole class. Dealers in Ontario could not become members of the association as of right, and at least one applicant had been refused because the state of the coal business ‘would not admit of additional competition.’ The main object of the association was to restrict and confine the sale of coal by retail to its own members, and to prevent anyone else from obtaining it for that purpose from the operators and shippers. Here the endeavor is to protect the interest and the welfare of the wholesale grocers of Canada, whether they are members of the guild or not. Article 15 of the constitution of the Ontario Coal Association plainly contemplated the fixing of prices by the local organization, so that in the two particulars that case is entirely different from the present one, viz.: the legitimate coal dealer could not get admission to the Coal Association, whereas here the guilds have invited the membership of legitimate wholesale dealers, from the beginning, and, secondly, the price has in all cases been fixed by the manufacturers themselves.”

THE PLUMBERS

“I note on Page 309 in the case of Rex vs. Master Plumber’s Association an observation of J. A. Caler, which applies to some of the evidence given in this case: ‘The prosecution, however, went very far afield, introducing evidence, which comprises the bulk of the record, of unlawful acts committed by individuals, members of the old unincorporated associations years before these defendants came into existence. This, in my opinion, was absolutely wrong.’

From King vs. Sage he quoted:— “Traders may legally organize for the protection and enhancement of their interests, provided that the interests of the public are not unduly impaired.”

Quoting from Allen vs. Flood, His Lordship read: “If it be intended to assert [that] an act not otherwise wrongful always becomes so if it interferes with another’s trade or employment, and needs to be excused or justified, I say that such a proposition, in my opinion, has no solid foundation in reason to rest upon.”

“Guilty of wrongs against the public”⁴⁷ (April, 1910)

Judge Falconbridge’s decision was unpopular in many corners, especially among those sympathetic to the growing co-operative movement.

When the Tariff Commission was in Hamilton in 1905, evidence was given showing that this Grocers’ Guild had entered into agreements with a long list of manufacturers, including sugar refiners, starch manufacturers and others, under which the latter refused to sell to a Hamilton wholesale concern, outside the Guild, although the ability of this would-be buyer to pay for goods desired was beyond question. Representatives of the Guild, who appeared before the Commission later, did not pretend to deny the charge made by this Hamilton company, but said the complainant was not really a wholesale concern but a combination of retailers desirous of buying at wholesale rates. During the same year, again, the head of the grocery department of a large retail company appeared before the Commission in Berlin and said, while he was prepared to buy sugar in car lots, that he could not buy direct from the refiners because the latter would be boycotted by the wholesale combine if they sold sugar in any other way than through the combine. The result was that the company were forced to pay to the Guild \$68 on every car of sugar bought by them, although the sugar was sent direct from the refinery to the store, and of course that extra \$68, which was collected but not earned by the wholesale combine, had to be made up by the sugar consumers.

The fact that the Guild has since, to the general surprise of the community, been declared by a judge guiltless of any criminal offence, has nothing to do with the case. A man or a combination of men may be, in view of some interpreters of the law, legally void of offence and still sin against the well-being of the community. And the Grocers’ Guild has been guilty of wrongs against the public. Assuming that the facts in regard to the Hamilton case were as stated by the representatives of the Guild – that the concern which had been prevented by the Guild from buying at the factory door was made up of a combination of retailers desirous of buying at wholesale rates – it was nevertheless in the interest of the consumer that this concern should be permitted to buy in that way. It was equally in the public interest that the retail company buying as largely as any single wholesaler, should be free to purchase sugar direct from the refiners without the intervention of any middleman. What is the one great fundamental object behind the most notable movement of the day – the co-operative movement? That object is to bring consumers and producers as close together as possible – to eliminate all needless intermediaries who add to the cost of handling without performing any real service. The Wholesale Grocers’ Guild is one of the great obstacles in the way of the movement. It has said to manufacturers that these must sell only through members of the Guild and has so tended to widen the distance between producers and consumers. The Guild and the manufacturers have been enabled to work together in this way, to the public injury, by means of a tariff

⁴⁷ From MACKENZIE KING’S BILL. (1910, April 22). *The Winnipeg Tribune*, p. 4.

which prevents the big retail company, this Hamilton concern, and others from going abroad and buying freely in the markets of the world.

“A highly artificial state of trade”⁴⁸

E. F. B. Johnston, K.C., in his argument before Chief Justice Falconbridge in the recent case against the wholesale Grocers' Combine, declared that the tariff creates a highly artificial state of trade in that it takes away the right to buy at any place and at any price one pleases.

The effect of the tariff could not well be more clearly stated. That instrument does create an artificial state of trade in that it confines buying largely within the territorial limits fixed by a national customs wall. Another effect naturally follows. Domestic manufacturers, and associations of dealers, protected by the wall against foreign competition, are naturally led to combine for the purpose of arbitrarily fixing prices at a level as high as the tariff will warrant, and a still more artificial state of trade is thereby brought about.

As a means of protecting consumers against this latter evil – combination among domestic producers or dealers – Parliament has provided two alleged remedies. One of these is found in the Criminal Code. That Code declares it an offence “to unduly prevent or lessen competition in the production, manufacture, sale or supply of any article or commodity which may be a subject of trade and commerce.”

This remedy was tested in the case against the Wholesale Grocers' combine above referred to. The evidence in the case showed that the combination, officially known as the Dominion Wholesale Grocers' Guild, had made arrangements with sugar refiners and certain manufacturers of cereal foods and starch goods, etc., under which sales were to be made by these manufacturers only through wholesalers, and at fixed prices. There were to be no direct sales from the factory to retailers, to combinations of retailers, to departmental stores, or to co-operative organizations, even although these offered to buy in wholesale quantities. The wholesale trade was to be made the sole medium of distribution to those selling in a retail way and absolute uniformity was to be maintained in the prices charged the wholesalers by the manufacturers in the first place, and in the prices charged retailers by wholesalers in the second place. The evidence on these points was absolutely clear, and to the lay mind that evidence proved beyond the shadow of a doubt the existence of a combination to “unduly prevent or lessen competition.” But Judge Falconbridge, who tried the case, found otherwise; he declared the combine had not violated the Criminal Code; and what a judge says, in interpreting the law, of course goes. If, however, the Code cannot be made to reach a combine such as that dealt with by Judge Falconbridge there would not seem to be any possible combination that cannot so regulate its affairs as to keep clear of the punishment provided by the Code – as that instrument is interpreted by Judge Falconbridge.

⁴⁸ From PROTECTION AGAINST COMBINES. (1910, May 23). *The Winnipeg Tribune*, p. 4.

This is, if possible, made clearer still by what followed up the Falconbridge decision. Almost directly after that judgment was announced the Dominion Wholesale Grocers' Guild – which had been in the tall grass during a period of two years while its case was before the court – emerged from its hiding place and proceeded to reorganize on a stronger basis than before. Under the reorganization the Guild is pledged to boycott all manufacturers who will not bind themselves to sell only through wholesalers and at a uniform fixed schedule of prices; the wholesalers on their part agree to maintain a like schedule in selling to retailers. Thus up to the point the retailer is reached competition is, if the Guild is strong enough to effect its purpose, to be wholly eliminated. Not only this, but representatives of a Dominion retail organization met with the wholesalers and steps were taken by the two organizations looking to the completion of the arrangement by fixing a scale of prices for retailers as well. The intention is, therefore, to have an unbroken chain of combinations between the factory and the consumer, with prices artificially regulated at each link of the chain. All initiative, all competition, all enterprise, are to be eliminated; no incentive to effort looking to reduction in cost by improvements is to be left. The consumer is to be charged, for the enrichment of various combinations, all the tariff against foreign competition will allow. And this can be legally done under the Code – as interpreted by Judge Falconbridge.

“Price of Sugar Reaches Highest Point”⁴⁹ (December, 1911)

The price of sugar in Canada rose dramatically in 1911. The author of this article suggests the refineries were taking advantage of the protection granted by high tariffs to raise prices at the expense of the public.

Not so very many years ago the housewife could buy her sugar at the rate of 25 pounds for a dollar. Today she pays 10 cents a pound for the sweet stuff that finds a place on every table in the land and which enters so largely into the cooking operations of every kitchen in the country.

As a matter of fact sugar is higher in price today in Canada than it has ever previously been for the last twenty-two years. That statement might seem like a strong one, but it is borne out by the Canadian Grocer (the leading trade journal in the grocery business) which commenting upon the fact remarks that “Sugar has certainly been making history during the past three months, going upward with a stride that has seldom been equaled.” [...]

A RECORD YEAR

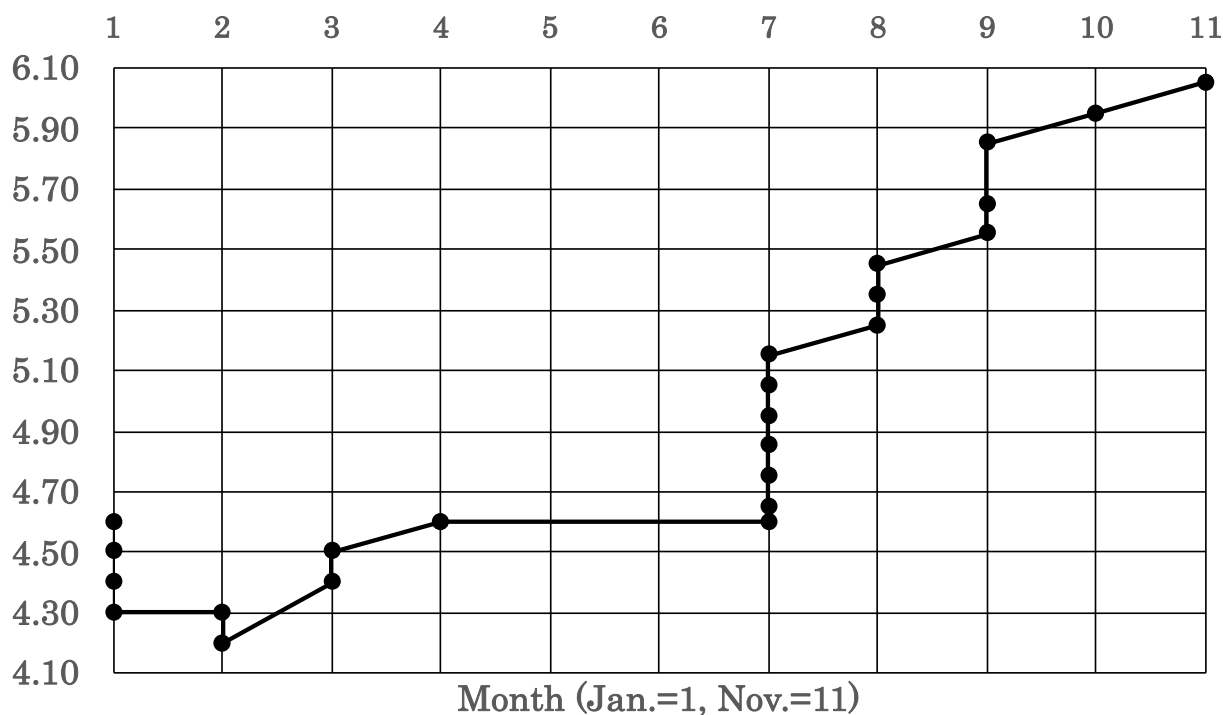
When the year 1911 opened, it was the general opinion that sugar prices during the ensuing year would be on a lower general level than 1910. Those hopes, however, were fated to be early shattered and the history of sugar during the year has been

⁴⁹ From Price of Sugar Reaches Highest Point Known in Canada for Twenty-Two Years. (1911, December 11). *The Regina Morning Leader*, p. 1.

one of continuous climbing in prices until, as already stated, the highest record in twenty-two years was reached.

SOAKING THE PUBLIC

Any response that the Canadian sugar refiners may make to the growing complaint of the public at the excessive cost of this staple article in the household budget generally takes the form of pleading a shortage of the raw article from which they prepare the finished product which is found upon our breakfast and supper tables and plays so important a part in the domestic economy of every housekeeper. But what are the facts? Russia, one of the largest beet sugar manufacturing countries in the world is debarred from supplying the deficiency which exists in Canada and Great Britain today by the Brussels Convention⁵⁰, which convention is in effect a vast combine of the sugar manufacturers of the world created for the purpose of *artificially regulating the supply of sugar and maintaining prices at what may be called combine level.*



⁵⁰ The Brussels Sugar Convention of 1902, signed by most of Europe but not by Russia, abolished export subsidies and reduced import tariffs for sugar, imposing tariffs on non-signatories. Its major features were "(1) the abolition of export bounties by the participating countries, (2) the restriction of the action of the Kartellen [German beet sugar cartels] by the lowering of the import duties into those countries, preventing them to that extent from advancing the domestic and to a corresponding extent diminishing the export prices, (3) the agreement of the participating countries to impose a countervailing import duty on the bounty fed sugars of non-participating export countries, of which Russia is the only one of any consequence." DEFEAT OF THE SUGAR TRUST. (1903, January 3). *The Wichita Price Current*, p. 1.

The above chart shows the phenomenal rise in the wholesale price of sugar on the Montreal market during the past eleven months, constituting something like a world's record. In the face of the steady declining price of raw material – a decline that was speedily followed by a reduction in price of the manufactured article in the United States – the Canadian sugar refiners continue to boost the price until it reached the highest known in a period of twenty-two years.

CANADA WORSE THAN THE STATES

Assisted by the Brussels Convention and a duty of approximately one cent per pound, the sugar refiners of Canada find themselves in a position to practically bleed the consumer at their own sweet will. The sugar trust of the United States is bad enough, but the men who control the supply of the sweet stuff in Canada can apparently teach the American Sugar Trust a thing or two in the way of boosting prices and keeping them boosted.

Incredible as it may seem, it is a fact that *while the wholesale price of sugar in the United States since September 10 declined 75c. per cwt., the wholesale price of sugar in Canada actually advanced another 5c. per cwt.*

No legitimate excuse existed for this, but entrenched behind the wall of “adequate protection” the Canadian refiner was enabled with impunity to give another turn to the screw which he was operating upon the consumer.

The recent substantial drop of 75c. in the American market was caused by the steadily declining price of raw material; the Canadian refiners were equally benefitted by that decline, but chose to place the difference in their own pockets rather than afford any relief to the overburdened consumer.

Last week, it is true, the Montreal market did report a drop of ten cents, but this was practically forced upon them by a still further decline in the American market, to have ignored which would have threatened Canadian manufacturers with competition from the States by maintaining the Canadian market at a level so much higher than that of the American market as to make importation from the States possible in spite of the duty.

THE BIG THREE

While it may not be exactly possible to say that a combine in sugar exists in this country in the way that there is a Cannery Combine or a Cement Combine, it is a fact that the Canadian sugar market is *absolutely controlled* by three large companies which practically determine what price the consumer shall pay for the article in question. These companies are as follows:

B. C. Sugar Refining Co., Vancouver

St. Lawrence Refining Co.

Canada Sugar Refining Co., Montreal.

There are, it is true, certain other smaller concerns, such as the beet sugar factory at Raymond, Alberta, and other similar institutions, but these to all intents and purposes cut little or no figure in the fixing of prices, following in the footsteps of the Big Three.

Protected by the Brussels Convention from the competition of the beet sugar-growing countries and with further protection in the shape of a high duty, the Big

Three are able to charge the consumer up to the last notch, and this they do not hesitate to do.

HOW IT WORKS OUT

While so far as we know it has never been charged that any hard and fast agreement exists between the constituent members of the Big Three, undoubtedly there exists a community of interests which works out very comfortably for the shareholders of the three concerns.

Competition, it is safe to say, is a word not included in the vocabulary of the Canadian sugar refiner.

Take for instance, the selling area covered by each member of the Big Three. The farthest west that the two eastern members carry stocks is Brandon. West of that point the B.C. Sugar Refining Co. has a virtual control of the sugar supply in this country. That company has storage warehouses at Regina and other points through to the coast and exercises a virtual monopoly in the commodity.

Thus hedged about, what wonder is it that the Canadian sugar magnate can afford to ignore the complaints of the consumer? Safely entrenched in his monopoly, he can with impunity go one better even than the Sugar Trust of the United States, one of the most unscrupulous and conscienceless of the great monopolistic trusts that batten upon the American people.

WHO GETS THE PROFITS?

The enormous profits arising from the exorbitant price charged the consumer for sugar go almost entirely to swell the dividends of the eastern financiers who control the Big Three. The grocer, who has to stand the criticism of his customers, gets little or nothing out of the sugar he sells, and it is the same with the wholesaler from whom the grocer gets his supplies.

It's the "man at the top," the Big Interests in Montreal and Toronto, who include sugar among their lines of activity, who pocket the rich harvest arising from the exploitation of the "sweet tooth" of the Canadian people.

The British West Indies and the Tariff on Sugar⁵¹ (May, 1913)

A trade treaty with the British West Indies colonies led to a lower tariff on raw sugar.

Hon. W. T. White⁵² in presenting to the House yesterday his second budget conformed to the practice adopted by his predecessor, in the later years of his regime, of making a business statement of the country's financial affairs rather than an oratorical effort calculated mainly to arouse party enthusiasm and glorify the administration of the day. [...]

The tariff changes announced were those, mainly, rendered obligatory by the new trade agreement with the British West Indies. [...] The rearrangement of the sugar duties will involve a reduction in the revenue from refined sugar of about

⁵¹ From CANADA'S ABOUNDING PROSPERITY SHOWN IN BUDGET SPEECH. (1913, May 13). *The Ottawa Citizen*, p. 4.

⁵² William Thomas White (1866 – 1955) was Minister of Finance from 1911 to 1919.

\$600,000 a year, which the finance minister estimates will go to the reduction of the cost to the customer. [...]

“In general terms,” he said, “the agreement provides that upon a specified list of commodities, the produce or manufacture of the West Indian colonies, the customs duties shall not be more than four fifths of the duties imposed upon similar goods when imported from any foreign country, and that upon certain other goods there shall be no duties as against the West India colonies but certain minimum duties as against the same goods when imported from any foreign country. The West India colonies have for many years enjoyed the benefits and advantages of the British preferential tariff and therefore in cases where the existing preference is sufficient to cover the 20 per cent. preference stipulated for in the agreement or where, speaking generally, the articles mentioned are on our free list, no tariff adjustment is necessary.” [...]

With regard to sugar it was proposed to abrogate the privilege which Canadian refiners had hitherto enjoyed of importing raw foreign sugar at preferential rates to an amount equal to twenty per cent. of their production. [...] There would have to be a readjustment of the duties upon refined sugar to counterbalance the abrogation of the twenty per cent. privilege to sugar refiners. The loss of revenue on sugar would amount to about \$600,000 a year. He believed the public would reap the advantage of this in slightly reduced prices.

Speaking generally the preferential rate on refined sugar would remain at 83 cents per 100 pounds, and the duty under the general tariff would be reduced from \$1.24 1-2 a hundred pounds to \$1.07 2-3. Until the present the duties on raw sugar were 52 1-2 cents under the preferential tariff, and 83 1-2 cents a hundred pounds under the general tariff. There was thus a preference of 31 cents. Under the new arrangement the preferential rate would be 40 3-4 cents a hundred pounds, and the general rate 57 1-2 cents, a preference of 16 3-4 cents.

“Doomed to Disappointment”⁵³ (May, 1913)

Canadian refiners timed a fall in prices to coincide with the announcement of lower tariffs on raw sugar. At least one Montreal importer believed this was intentional and strategic misdirection.

In “The Canadian Grocer” of last week details of the decline of 20 cents per hundred in sugar were given. It was stated that the decline followed the new tariff announcement made by the Finance Minister, and that the revision of the sugar duties was made necessary on account of the trade agreement with the West Indian colonies. It was further asserted that in future refined sugar to the trade would be sold on a 20 cents lower basis and that the market would, of course, be subject as before to the conditions of the raw market, supply and demand.

⁵³ From REFINERS, NOT THE PUBLIC, TO BENEFIT. (1913, May 30). *The Regina Leader*, p. 14.

A Montreal importer has written to the editor with the complaint that refiners have been aided at the expense of importers of refined sugar. His letter appears below: [...]

Dear Sir – We have read with interest the various articles in your issue of 16th inst. relative to the reduction in the sugar duties.

Whilst at first sight these appear to be beneficial to both the West Indies and the Canadian consumer, we venture to assert that in the working out of the new tariff both of these parties will be doomed to disappointment. You point out correctly that the reduction in duty on raws amounts approximately to 20c. per hundred lbs., which announcement was immediately followed by a reduction on the part of refiners to the same extent in the prices of refined. These latter are, therefore, represented as having acted magnanimously, in at once giving the public the benefit of the lower duties; and as the public knows very little about these matters, the refiners may lay this flattering unction to their souls.

You may also point out that Canadian prices have remained stationary for three and a half months, but you omit to mention that during this period the world's sugar markets have declined. It was doubtless a clever move on the part of refiners in withholding any reduction in price until the tariff changes were announced, thus making it appear as though the decline in prices this week was a natural outcome. The fact is, that a drop in prices would have been warranted long ago, irrespective of any reduction in duties, and the refiners have still the latter up their sleeve.

SAYS REDUCTION IS A BLIND

So long as no reduction in duty on refined under the preferential tariff has been made, the lower duties on raws simply leave the refiners more highly protected than previously. The effect will be to prohibit all importations of refined, and will leave the refiners with the field to themselves. The West Indies will thus lose what British market they had, and as refiners here will be able largely to control prices without any competition from imported refined, the public will have to pay. You say that "Canadian importers will pay less for refined when buying from foreign countries." We beg to say that the reduction in the duty on refined under the general tariff is only a 'blind,' for it should be common knowledge that owing to the operation of the dumping clause, not an ounce of foreign refined can be imported into Canada. The Finance Minister, as you say, stated that Canadian consumers will save \$600,000 in view of the new tariff. We think the consumer will have a rude awakening. With the refiners in practically complete control of prices here, it is they who will reap the benefit, and they will soon be able to recoup themselves for any temporary drop in prices. The West Indies previously had a preference of about 30c on raws, which is now reduced to about 16c. With the narrowing of their outlet and the reduction in duty on raws under the general tariff, they are likely to lose even a portion of this 16c.

How many people are aware that the refined sugar which entered Canada had to be made from the same class of West Indian raws, the duty on which has now been reduced? British refiners paid freight on this sugar from the West Indies to the Old

Country; also paid freight from thence to Canada on the refined product, in addition to the Canadian duty, before sales could be effected here of the very small percentage of refined sugar which was imported.

Of course it is evident that the tariff is framed to protect home industries – i.e., in this instance, some half dozen Canadian refiners; so why not let us be honest and admit [the] same, instead of deceiving the public into the belief that they are being benefited? As for the West Indies, we think they will discover that they have deceived themselves. – Yours, etc.,

IMPORTER.

Montreal, 17th May, 1913.

On the above letter being shown to Mr. H. G. Smith, president of the Regina board of trade, and a wholesale grocer and dealer in sugars, he said that he had not studied the situation enough to say very much, but on being pressed for an opinion said: “This letter appears to be a fair analysis of the present situation.”

1914 – 1918

“Housewives of Windsor will be glad”⁵⁴ (January, 1914)

Housewives of Windsor will be glad that there is a possibility of two of the most used commodities in the bill of fare of all homes in the city being greatly reduced in price within the next two weeks. They are potatoes and sugar.

There is a certainty of the price of sugar being lower than it has been in many years. During the past month the cost of sugar has fallen twice and today 100-pound bags can be bought at \$4.20, a price, with two exceptions, lower than any attained in the past fourteen years.

It has been announced by wholesale dealers that all grades of sugar in Ontario, with one exception, had been reduced 10 cents per hundred weight by the refiners.

Important experiments are being carried on by a well-known Canadian sugar refining company, and their process, which is being tried out before a representative gathering of West India sugar growers, will, if successful, have an important bearing on the price of sugar in this country.

Interviewed by *The Record*, one of the wholesale men in the city had some interesting things to say regarding the subject of sugar.

“I attribute the present low price of sugar,” he said, “to the decrease in the demand which usually takes place in the winter months, and to the increased efficiency of our Canadian sugar refineries. There is a lack of demand for sugar here in the winter time, because people do not use so much then as in the summer and fall when the fruit is preserved; under normal conditions we get higher prices during the fall and a steady decline in winter time.

⁵⁴ From SUGAR AND “TATERS” DROP IN PRICE. (1914, January 13). *The Windsor Evening Record*, p. 3.

“The Canadian people use can sugar almost exclusively on account of the preferential tariff for the West Indian product, and if the experiments now being made are a success the cost of production and, therefore, the cost to the consumer will be considerably reduced.

“Yes, it is true that the sugar beet is grown in Canada and Messrs. Gordon, of Wallaceburg, have obtained good results with it, but there is not nearly enough of it grown, and if, as seems possible, a cheap process for dealing with the sugar cane is developed, the West Indies will continue to be the main source of supply to this country. The tariff debars the best sugar producing countries of Europe from competing.”

It was further learned that the Canadian firm in question have discovered a method by means of which the extraction of sugar from the sugar cane, previously a complicated and expensive process, has been greatly simplified and if their experiments prove successful there may be a considerable decline in the price of sugar. Already a factory has been built in the southern states to try out the process.

The Effect of the First War Tax⁵⁵ (August, 1914)

Prompt action was yesterday taken by the Canada Sugar Refinery as a result of the increase in duties on raw and refined sugar, which went into force in the morning. A consultation was held at the refinery offices, as a result of which a notification was at once sent to the Wholesale Grocers' Guild that the price of refined sugars would be advanced 70 cents per hundred pounds immediately. Mr. Stanley Cook, secretary of the Guild, forwarded these notices to the wholesalers and preparations were at once made to readjust selling prices on the new war tax basis.

No action was taken by the St. Lawrence Sugar Refinery, they simply stating that they had no prices to quote, and would not accept any new orders. The St. Lawrence Refinery recently increased their prices 50 cents per hundred, and have been only supplying their regular customers with normal orders at this rate.

The raise enforced by the Canada Sugar Refinery, it was stated, was exactly enough to cover the extra cost of producing the sugar in the present circumstances. It takes 108 pounds of raw sugar to make one hundred pounds of refined, and this, with the great increases in ocean freight and war risks for ocean insurance, makes up the difference between the 64 cents added to the taxation on the raw and the 70 cents per hundred added to the price of the refined product. The increase makes the price to the wholesaler \$5.20 instead of the former price of \$4.50 per hundred for the ordinary granulated sugar of family use, or an increase of 7-10 of a cent per pound.

RETAIL PRICE UP A CENT

As to the effect of this raise on the retailers, that is a matter which will be settled by the individual grocer, and how far he thinks he can take advantage of his profits. Generally speaking, it is expected to mean an immediate rise from 5½ to 6½ cents a pound. It was stated by wholesalers that already, long before the wholesale

⁵⁵ SUGAR NOW COSTS CENT A POUND MORE. (1914, August 22). *The Montreal Gazette*, p. 4.

prices had been put up, some small dealers had taken advantage of war talk to charge their customers 8 cents a pound, but that any such an increase was unwarranted. As a general rule, it was stated that any grocer who put up his price on sugar more than a cent a pound, would be guilty of extortion, while the public would not need to pay higher prices, since many of the better grocers would undoubtedly simply add the increased cost to their present price and go on with their business in the ordinary way.

That the impost will not mean very much to the average family of four or five people was shown by the calculation that such a family ordinarily uses about five pounds of sugar a week, which means that the war tax on sugar for them would only amount to a nickel a week.

LITTLE RAW SUGAR

It was stated at Messrs. Matthewson's Sons that there was a possibility of further increases in price later on, owing to shortage in supply. Some scare had been caused by reports that Great Britain had forbidden the exportation of raw sugar from the British Isles and the Crown colonies. This, it was stated, was not correct, but the embargo had simply applied to exportations to ports outside the Empire, so that the supply here would last some time anyway. There were now some 75,000 tons of raw sugar lying at Demarara – not a very large amount considering the trade, but a new crop would be due before long.

In present circumstances it was stated that the only thing which had kept the price of sugar from soaring as it had in the States was that the Canada Sugar Refinery had absolutely refused to take advantage of war conditions and had insisted upon business going along in its usual way, prices being only increased as duty and freight with other expenses made it necessary. Had it not been for this, said Mr. Mathewson, the cost of sugar to the consumer would probably have gone up some time ago, and much more.

“They will get their bumps in the near future”⁵⁶ (November, 1914)

At the present time, sugar in Montreal is quoting high. Local refiners name \$7.05 as their price for extra granulated grades, with the result that by the time it reaches the consumer it costs in the neighborhood of eight dollars a hundred pounds. The price is the highest on record. Even in belligerent England prices are lower. Our London cable today stated that granulated sugar could be bought retail for seven cents a pound. Why is this? Why should sugar be more expensive in Montreal, where it should be comparatively easy to get supplies, than it is in London?

The questions are extremely difficult to answer, but to go back to the beginning of the war, say July 30th, Montreal was one of the cheapest markets for sugar. When American refiners were quoting at \$7 to \$7.50, sugar could be procured wholesale for \$4.50 locally. Since that time there have been various see-saws in the market, with

⁵⁶ SUGAR IN MONTREAL \$8; IN LONDON \$7. (1914, November 3). *The Regina Leader*, p. 4.

the result that today, when New York is quoting granulated at \$5.75 and raws at something below 3 1-8 cents, Canadians are paying \$7.05 for the refined article.

This fact was brought home in an interview with a prominent sugar man, who would not speak for publication. He stated that it is impossible to get imported sugar at the present time. Conditions on the ocean prohibit that, with the result that other sources are filling its place in the Canadian markets. He laid the blame for today's conditions on the shoulders of the refiners. He stated that they ran short of raw sugar, and could not purchase any for the time. In this event they simply took advantage of the market and boosted and boosted until the present levels were reached. At the rate refiners are working now, when the price of raw sugar is taken into consideration, they are manufacturing with a margin of nearly two cents per pound on their side. This, he said, is deplorable. Refiners can and should work well under the one cent margin, and still be making profits on every pound they turn out. It looks to me, he said, as though they will get their bumps in the near future, although it is an extremely difficult thing to predict. [...]

Local refiners, as a rule, are working overtime. Old orders are fairly well cleared out, and they are simply filling all orders as they come along, but there is not a rush of orders or work in any direction. One refiner stated that Canadian refiners were acting independently of other markets, as they thought conditions warranted it. This refiner stated that when sugar was selling at twelve cents in London, shortly after the outbreak of hostilities, local sugar was quoted by refiners at five cents. At the same time, New York was selling at \$7.50 per hundred. Now, when the other markets have sagged, he did not consider it extraordinary to keep the price inflated as it is.

“Prices in Canada must be higher”⁵⁷ (November, 1914)

Sugar refiners in Montreal object to criticism that they are reaping undue profits from the sale of sugar on the ground that the critics have wrongly based their arguments on the difference of price between New York and Montreal. This, they claim, may sound all right in theory, but that it neglects to take into consideration certain fundamental factors which govern the situation.

The critics have pointed out that refined sugar can be purchased in New York at \$5 a hundred pounds in comparison with \$6.75 asked here, and they have stated that the Montreal rate is now \$2.25 above the prices charged before the declaration of war. They claim also that the Montreal refiners buy in the same market and have as cheap and excellent methods of refining as their American competitors. There are other differences in the way of tariff and so on, but they claim that all these things considered, the Canadian refiner makes \$1.50 more profit than before the war. The latter claims that, on the contrary, his profits are much less.

One of the largest refiners in Canada, asked yesterday for a statement as to why Canadian sugar is selling for more in Canada than in the United States, said:

⁵⁷ REFINERS CLAIM LOSS IN PROFITS. (1914, November 13). *The Montreal Gazette*, p. 4.

[...]“The price of sugar today in Canada is being compared with the New York prices, and the deduction is drawn that the refiner here is making a larger profit. As a matter of fact the conditions here can be more fairly compared with those in the United Kingdom.

“In Canada today the refiner is netting less than \$6.25 and pays \$1.37½ duty. In other words he pays to the country’s revenue nearly a dollar more duty and gets a quarter less for 100 pounds of his product. That hardly looks like excessive profit.

“The whole argument as to the Canadian refiner’s profits as so far disclosed in the papers is based on the theory that he can buy sugar in New York at 2½ cents per pound, although in reality the price in New York on Wednesday was three cents not 2½ cents.

“The Canadian refiner whom business conditions compel to buy months ahead, in which he differs from the American refiner, is today using raw sugar bought some time ago, on which at today’s price in Canada, far from making an excess in profit he must suffer a very large loss indeed. This is the real fact, and business is run on facts, not on theories.

COMPARATIVE PRICES

“The newspapers hardly give the refiners credit for keeping down the price earlier in the season. From August 3rd to 21st, the refiners in Canada sold sugar without advance. On the 21st the Canadian Government put a war tax on sugar which automatically raised the price 70 cents without benefitting the refiner and in fact involved him in loss. No advance was made till 8th September. That is, during the whole period the Canadian consumer got his sugar at ante-war prices.

“Meanwhile, let us see how this fellow in the United States fared – starting with sugar at about the same price by the 5th of August he was paying 60 cents more, by the 7th – 85 cents more, by the 10th - \$1.10 more, by the 11th - \$1.50 more, by the 12th - \$2.06 more, by the 13th - \$2.56 more, by the 16th - \$3.04.

“On September 8th the Canadian refiner was selling his sugar without advance while the Americans were getting 2¾ cents per pound more.

“And what of the Englishman? During the same period he was paying from 30 shillings up to even 50 shillings, or 6½ cents to 10½ cents a pound for the sugar he ate. The Canadian consumer thus was getting, solely, mark you, owing to the Canadian refiners’ action, probably the cheapest sugar in the world.

NO COMMERCE WITH GERMANS

“What put down the price in New York lately was the offering of German beet sugar at sacrifice prices. The British Empire is at war and Canadian refiners neither can nor would buy from enemies of the country. For various reasons, as explained, prices in Canada must be higher than in the United States. That is part of the price we pay as a belligerent country as opposed with a neutral one.

“In conclusion, the Canadian refineries might have made very large profits when war broke out during the period of heavy consumption of sugar, but deliberately refrained from doing so – neither are they doing so now when consumption is down to a minimum.”

“The crux of the situation”⁵⁸ (November, 1914)

The crux of the situation regarding the present high prices of sugar may be explained in the fact that in New York there is a spot market and in Canada there is not. In other words, the American refiners can buy as they need supplies, whereas in Canada the refiners must buy against the future.

When the war broke out England was seized with a desire to prepare for the future and rushed into the market, with the result that there was a panic for raws, and the price advanced very rapidly. In New York refined was up to \$7.50. The situation later revealed that there had been no need for this buying panic; that there was sufficient to meet all demands. But in the meantime the demand on Canadian refiners had been so heavy that their normal supply began to dwindle, and in the face of a continued demand it was necessary to buy to prevent a shortage in the trade.

At this time Canadian refiners were forced into the open market, for the reason that Great Britain had placed an embargo on Java supplies long enough to buy up the whole output. Thus raws were costing refiners not only the top of the market figure, but in addition to the war tax of 70c cwt. and the additional difference the ordinary and preferential duty represented by the cutting off of the Java supply. [...]

What makes the Canadian situation particularly interesting is the fact that the refiners state that their course has been taken on the advice of the Government. They claim that they have sold their sugar with the usual profits and this is indicated by the fact that although sugar advanced to \$7.50 in New York there was no change made in Canada until the war tax was imposed; the price was 3c under that in the States. Having kept the price down they say that they cannot sell for less than they are without losing money. The demand is so weak that the present supply of costly raws may last for a considerable period, but no information is to be had on that point.

“Sugar Values and Gov’t Blundering”⁵⁹ (December, 1914)

There has been no industry in Canada which has been much more radically affected by the war and war conditions than that of refining sugar. The sugar market has been a series of rapid ascents and descents, of meteoric price advances and violent reactions. And yet at the moment the situation is that profits have not been materially affected out of the course of a normal year. What the future may bring is problematical, but there is nothing that would indicate serious apprehension.

The reason for this and for the fact that the price of sugar is abnormally high in Canada to-day in comparison with the world market is that the Government has practically controlled the situation. Shortly after the declaration of war, about a week, the Government sent for information as to stocks on hand and purchases made by the different refiners and then shortly after called a meeting at which the different Canadian concerns were represented. Then the Minister of Trade and Commerce

⁵⁸ ODD SITUATION OF SUGAR REFINERS. (1914, November 21). *The Financial Post*, p. 9.

⁵⁹ SUGAR VALUES AND GOV'T BLUNDERING. (1914, December 19). *The Financial Post*, p. 15.

stated that he had gone into the information, was aware of the average cost of the raws on hand and intimated that abnormal profits were not to be taken. Therefore the refiners made the price of refined correspond to the price of raws.

The next move of the Government, after asking the refiners to keep their prices down, was to stick on a war tax of 70c a hundred and this is one of the factors in the spread between the Canadian and the American markets to-day. However, the main reason for the higher price to-day is not the duty, but the fact that under the Government's influence the refiners ignored the business law of supply and demand. Had the refiners gone out to take a legitimate profit on the stocks they held, they would to-day have a neat surplus to face the situation of cutting prices on costly raws. So long as all of the refiners have stocks of the high-priced raws, prices will remain where they are, but when one gets out and begins to run on the cheaper supply there is likely to be some cutting and firms with heavy stock will suffer.

“Sugar Prospects”⁶⁰ (April, 1916)

Developments in the sugar refining industry since the outbreak of the war – largely brought about by the elimination of supplies from Central Europe to the Allied countries – have been followed with considerable interest by refiners in Canada, and particularly by the concerns located on the Atlantic Coast, which have been getting a share of the American export business, the great bulk of which has been handled by the United States. Halifax has taken a vital interest in the industry for thirty years or more, on account of the Acadia Sugar Refinery Co. located there, while recently the big plant of the Atlantic Sugar Refinery has been built at St. John.

The capacity of sugar refining plants in Canada is now in excess of the domestic demand. This is a condition which may eventually be remedied by growth of population, but in view thereof attention is being turned to the position of the industry in the United Kingdom, where the consumption is nearly double the output of the refineries, leaving the remainder to be imported. [...]

Canada has had some export orders, and there appears to be an important question as to whether these cannot be increased, particularly by the refineries on the Atlantic Coast, which are in an advantageous position to get their product to the foreign market. The Acadian Sugar Co. has, on two occasions, obtained permission from the British commission handling sugar imports to sell direct to retailers, and has in this manner disposed of several thousand tons. More recently the Atlantic Sugar Refinery sold 5,000 tons to the commission. That there is a market for Canadian Sugar in Europe, particularly while the war continues, is indicated in the exports being made by the United States. [...] A recent difficulty in connection with the situation is the advance in prices. European demand has been such, and values have risen so high, that at present it is largely a question of getting supplies of raw sugar.

⁶⁰ From Sugar Prospects. (1916, April 15). *The Financial Post*, p. 11.

“I look upon it as a loyal thing”⁶¹ (February, 1917)

By 1917, refiners and grocers were suspected of their former collusive behaviour.

Ottawa, Feb. 10 – F. O’Connor, K.C., cost-of-living commissioner for the Federal Government, is understood to have taken steps to initiate a prosecution against the B. C. Sugar Refinery of Vancouver because of an alleged conspiracy between the sugar company and a number of western wholesalers to control and maintain the price of sugar. [...] The information upon which the commissioner is proceeding is that the B. C. Sugar Refinery fixes the price of its product and pays a bonus of 6 per cent. to all wholesalers and jobbers selling at list prices. These wholesale houses also refrain from handling any sugar but that manufactured by the Vancouver concern.

That there had never been the slightest attempt on his part to enter into a conspiracy to maintain the price of sugar in Vancouver was the emphatic statement made today by Mr. B. T. Rogers, manager of the B. C. Sugar Refinery. [...] The cost of the raw material had been the only reason for the higher price of sugar, he said. Asked what started the system of giving discount to the wholesalers, Mr. Rogers replied:

“It was at the request of the wholesalers that I agreed to give a discount on sugar.”

“What was the condition of affairs at that time when this arrangement was made?” he was asked, to which he replied that “the discount was very much smaller. I am speaking of twenty-five years ago. The discount was then 2 1-2 per cent., and they claimed that they lost money on sugar and they asked me to increase the discount and we got together and decided on the amount of discount.”

“That was 5 per cent.” said The Province.

TO MEET CONSUMER

“No, it was more. The discount has varied. The discount today is 5 per cent., but it was at one time higher. I reduced the discount from 6 to 5 per cent. with the object of getting closer to the consumer. I told the wholesale grocers at the time that I thought the percentage was too high and that in war-times we should come together. That was quite recently, about a year ago. I did this thing legally, on advice, and I did it at the request of the wholesale grocers, the idea being to enable them to make a living out of sugar instead of cutting each other’s throats to pieces. I got nothing out of it.”

“Then it is compulsory that they should sell at the list price?” he was asked.

“I do not think it is always done,” he replied, “but they are supposed to do it.”

“Then this was done under legal advice?” was the next question, to which he answered that it was. There might be a new act, he added, dealing with this matter, but he did not think there was. [...]

⁶¹ WILL DROP DISCOUNT IF GOVERNMENT DEMANDS. (1917, February 10). *The Daily Province*, p. 15.

“I am acting under legal advice,” added Mr. Rogers, “which states that it is perfectly legal. All I have done is what other manufacturers have been doing, that is, to give to the wholesale trader a discount to enable the wholesaler to operate without losing money and at a reasonable profit. They will substantiate what I say. They claimed that five per cent. was not enough and that they are losing money. I say that in these times the price of sugar in the first instance is high and I want to be as close to the consumer as possible.” [...]

“Was there any agreement,” he was asked, “that the wholesalers were not to buy from any other refinery?”

“There is no other refinery,” said Mr. Rogers, “selling in this market. We have only Chinese sugar and our own B. C. sugar. I did stipulate that they were not to handle Chinese sugar.”

“Was there any ground for that action?” asked The Province.

“If a wholesaler was importing any other sugar I naturally would not help his market.”

“Chinese sugar coming into B. C. would place you in rather a disadvantageous position?” he was asked.

“It would be absurd for a man buying Chinese sugar,” said Mr. Rogers, “to come to me and ask me to help him maintain the margin on my sugar. I would say to him – go to the man from whom you purchased. He could buy the Chinese sugar, but I would not give him any discount on my sugar. The price of the raw material became so great,” continued Mr. Rogers, “that the high discount seemed to be an excessive amount,” that was, the discount on sugar at 5 cents as compared with the discount on sugar at 8 cents. As the price went higher he reduced the discount and he explained this by stating that was to keep the price to the consumer as low as possible.

“Was there any agreement that the price of sugar should be maintained?” he was asked.

SELL AT LIST PRICES

“There was an agreement with them to sell at my list prices and I gave them a discount that was fixed from time to time.”

“As a matter of cold, hard fact the wholesalers really became your selling agents?” he was asked, to which he replied that that was so. “The discount,” he continued, “is intended to cover their cost of operation. That discount has been revised from time to time in order to meet the varying conditions.”

“Were those list prices fixed from time to time?”

“Yes, according to the state of the market,” he replied.

“Is it a fact that the prices of sugar in B. C. and the prairies are practically the same?”

“At times,” said Mr. Rogers. “Manitoba is higher and at times it is lower.”

SELLING IN MANITOBA

“You do sell in Manitoba sometimes lower than in B.C.?”

“Yes,” he replied, “but when sugar was difficult to procure I withdrew from the Manitoba market in order to protect B. C. consumers. I only sent the sugar there in order to keep my wheels going round. At one time there was sufficient to supply

Manitoba and B. C. at the same time, but I withdrew from the other markets in order to assure myself that I had enough for this market. The eastern manufacturers and myself meet in Winnipeg. The eastern people sell for less in Winnipeg than they do in Montreal.”

Dealing with the price of sugar now and some time ago, Mr. Rogers said that the price now is \$8.10 and last December it was \$8.50 per barrel, and before the war the price was about 3 cents per pound lower than what it is now and he explained this by stating that he had to pay more now for the raw material than he had paid then. In addition to that there were the higher freight rates. Before the war the rate was from 16 to 17 shillings and now it was 150 shillings. He calculated that the cost to him had gone up 60 per cent and wages had increased about 10 per cent since the war started.

“If it was legal for you to have this arrangement, why have you offered to stop it?” he was asked.

“Well,” he replied, “I look upon it as a loyal thing for anyone in the country to do what the government deems advisable in stressful times.”

“You could have refused?” to which he answered in the affirmative. [...]

Mr. Rogers denied that any preferential treatment had ever been given by him to any of the other provinces in the matter of price, but “when my warehouse was crowded,” he added, “I, in order to keep the wheels going, have had to dump some in Manitoba and to make a special price. It has not been an unusual thing for me to sell 500 carloads there in a few days, and there are about 15 tons to the car.”

Questioned regarding the price of sugar here and in the United States, Mr. Rogers stated that “when war broke out agents came to Vancouver from Seattle and Tacoma and they were quite willing to pay my list price and to pay also the duty to get this sugar down to those cities. I issued a circular to the trade at that time and I said that if any wholesale grocer exported sugar I would cut him off my list because I had to conserve the supply of sugar for the people of B. C. I could have sold my stock of sugar to the people of the United States at that time for a million and a half dollars more than I sold it for in Canada.”

That, he said, was shortly after the outbreak of the war, and that condition of affairs existed for many months.

“I told the government of my action,” he went on, “and they approved it. It was the only thing to do to save the people of B. C. [...] I have been living here for 27 years. I have made my living here, and I would not turn down the people of B. C. for a million and a half dollars.”

“A Very Uncertain Outlook”⁶² (November, 1917)

The sugar industry of Canada, like several others, is passing into the last stage of the year 1917 with its freedom of development impeded by government control. However, it could hardly be otherwise, with the scarcity of raws that has closed down

⁶² SUGAR – A Very Uncertain Outlook. (1917, November 3). *The Financial Post*.

scores of refineries on this continent, and with the acute requirements of the Allies. As a foodstuff, indeed, it was inevitable that it should be placed under international restrictions, and it is this condition of fixed prices and probably of fixed profits and of regulated output, that confronts the sugar industry for the coming year. Henceforth, not a pound of raw sugar can be bought save with the permission of the International Sugar Commission that is operating for the allies, and the amount that may be imported into Canada will be decided on a principle of a fair share to all concerned.

“Eat Sugar or Lick the Huns?”⁶³ (May, 1918)

Little Jack Horner⁶⁴ still sits in his corner, but he doesn't get all the sugar he wants. He sets up an awful holler and wants to be told why he can't get the sugar he used to get before the war.

Now, Little Jack Horner will be told why he must let up on sugar a bit for a while, anyway, and everyone hopes he will stop his hollering, *for he is disturbing the neighbors*.

The allied governments are a big sugar store. They control the raw sugar of the world, as if it were in two packages, all wrapped up ready to deliver. They do it through two commissions, the International Sugar Commission of New York and the Royal Sugar Commission of London. These two commissions work hand in glove. Early in the year, looking over the available world supply of sugar, these two commissions provided in one package for the sugar needs of the allies overseas, and in the other for the needs of Canada and the United States. But *No Ships, No Sugar*.

Canada's share was fixed at 445,000 tons, or 890,000,000 pounds, a pretty fair-sized sugar plum, 45,000 tons bigger than in 1917. It was a delicious-looking bull's-eye. But it did not arrive. It hasn't got to Canada yet. It may never get here.

TIE-UPS PREVENT SHIPPING

This tells the sad story of its non-arrival. Canada imports its raw sugar from the West Indies, Cuba and elsewhere for its eastern refineries, generally through United States ports. Transportation tie-ups have prevented the raw sugar getting to the United States ports and thence to Canada. Cuban mills are grinding sugar cane night and day and there are 3,500,000 tons of raw Cuban sugar piled up and unshipped.

Jack Horner still crying in his corner cries, “Why don't you ship it?”

The answer is: *The ships can't be got*. They are being used to send troops and food overseas. It's a question of beating the Huns or eating sugar. Which do you want?

There is lots of sugar in the world, but it can't be got at. Therefore, Canada must get along with what she has and what she may hope to obtain. Canada must make eight pounds of sugar do the work of ten pounds. Essential war industries using sugar must be cared for. Others may have to suffer. In England and France the use

⁶³ From Greenwood, W. H. (1918, May 25). What Would You Rather Do? Eat Sugar or Lick the Huns? *The Vancouver Daily World*, p. 11. Written by William Hamar Greenwood (1881 – 1963).

⁶⁴ A traditional English nursery rhyme: “Little Jack Horner / Sat in the corner / Eating a Christmas pie; / He put in his thumb, / And pulled out a plum, / And said, ‘What a good boy am I!’”

of sugar for non-essentials has been reduced 75 per cent, and still they get along and there isn't much whining.

RIGID CONSERVATION

It is just as well for Canada to realize that until October 15, 1918, there will not be sugar enough to go around, and rigid conservation must be practiced, not only by the ordinary household consumer, but also by the maker of any commodity of which sugar is an ingredient. Canadians must consume less soft drinks, gum, candies and other such stuffs. Sugar must be conserved and sugar stocks accumulated to take care of the preserving and the packing of the fruit crop during the summer. There is only one way to do this. The use of sugar must be limited. The sugar regulations of the Canada Food Board will save 100,000 tons for the fruit crop.

Perhaps after the fruit crop is up that Cuban sugar may be moved before the end of the year, and the supply of sweet stuffs again made normal. But in the meantime, Canada must eat less sugar.

Little Jack Horner still sits in his corner and he smiles as he says, "I guess I can do my bit as well as the boys in England and France."

And the neighbors are resting nicely, thank you.

"Mere Sugar"⁶⁵ (August, 1918)

There will be no actual sugar famine, the Canada food board declares, but there will be until December a sugar shortage that will require the most rigid economics.

Therefore, every loyal household has been officially requested to limit its consumption for cooking and table use to 1½ pounds a month – about 2½ teaspoonfuls each day – and to turn back into the resource trade channels for their distribution whatever store of sugar it has on hand beyond its actual present requirements.

Only a few weeks ago the Hun submarines sank 13,000 tons of sugar off the Atlantic coast – sugar bound from Cuba, and every household on this continent will feel that loss. Ships that once imported sugar to our shores are now carrying soldiers to France. And the sugar beet fields of France and Belgium that once added to the world's sweetness are now fields where the harvest of world freedom is reaped in blood, at a sacrifice that makes the sacrifice of mere sugar too infinitesimal for thought.

"This limiting factor in production"⁶⁶ (November, 1918)

Probably no other industry in Canada is so dependent to-day upon external conditions as the refining of sugar. With the exception of some 10,000 to 15,000 tons of beet sugar that is manufactured in Canada from home-grown beets, the raw material is furnished by outside countries, such as the West Indies, Cuba, San

⁶⁵ From Keeping Sugar Within Ration Limitations. (1918, August 14). *The Edmonton Journal*, p. 7.

⁶⁶ From SUGAR--World's Sweet Tooth Hard in War-Time. (1918, November 20). *The Financial Post*, p. 45.

Domingo, etc. For a full year now the available supply of raws for all the Allied countries has been pooled, and the Canadian refineries have had to be content with shipments that covered only a small proportion of the capacity of the plants. For over a year, also, not a pound of sugar has been sent overseas for commercial purposes, in contrast to shipments of 70,000 tons, or 156,800,000 pounds in 1917. This prohibition of export has militated against production and the development of the native industry in the last year.

As the president of one company stated recently in submitting his report to the shareholders: "The shortness of raw sugar in the last three months of 1917, the scarcity of tonnage to move the sugar crop, the curtailment of supplies for Canada and the fixing of prices by the International Sugar Commission have all been factors in limiting profits."

This limiting factor in production was set just one year ago, when the British Sugar Commission that had been purchasing sugar for Great Britain, and some of the Allies, and regulating the distribution in Great Britain, became a part of an International Sugar Commission with headquarters in New York, and all the supplies of raws were placed absolutely in charge of this body. All of the Allied countries submit to the rulings of this body. To Canada was allocated a quantity of 320,000 tons, or 30,000 to 80,000 tons below normal. In New York there is an official representing the Sugar Division of the Canada Food Board, and he allocates this total among the various refineries in Canada. Beyond this there is no court of appeal. [...]

LIMITING DISTRIBUTION IN CANADA

Conditions of distribution in Canada of the refined sugar are too well-known to require more than a brief reference and comment. All are familiar with the warnings of the Food Board to consumers to shorten their consumption, and the regulations that were put into force among the wholesalers and retailers to prevent hoarding, and to secure an equitable distribution among the public. The refineries on their part came to deliver a couple of bags where formerly they delivered hundreds. Confectioners, candy makers and others were cut down to 50 per cent. of their consumption figures for the year before, and now every sale that is made has to be noted on a certificate with a license number that contains the amount the Food Board will allow that customer to secure for the balance of the present year, between Sept. 1 and Dec. 31. The refineries themselves are allotted raws according to their average consumption for the preceding three years.

1919

“No Sugar on the Prairies”⁶⁷ (July, 1919)

A post-war shortage of sugar caused problems for industries using it as an input.

VERNON, July 26. – “Unless prompt measures are taken to relieve the situation, fruit exports from this province will come to a standstill,” says Mr. R. M. Winslow, secretary of the British Columbia Traffic and Credit Association. Orders for cherries and apricots have been cancelled by prairie dealers, and raspberries have practically ceased to move from this province.

The trouble lies in the shortage of sugar, the prairie supply being practically exhausted. Plums, prunes and other preserving fruits will meet with the same fate and an incalculable loss will be sustained by British Columbia growers unless relief is afforded. Heavy export shipments to Europe are responsible for this shortage.

“Canada will be cleaned of sugar and will never catch up this season unless overseas shipments are stopped,” says Mr. Winslow, who points out that similar conditions in the United States have caused the Washington authorities this week to place an embargo on sugar exports⁶⁸.

The Canadian Trade Commission has called a conference of refiners for next Monday at Ottawa to discuss methods for relieving the shortage and the British Columbia Traffic and Credit Association has wired the commission urging that exports of sugar be stopped until normal supply for Canada is assured and that the commission take charge of the distribution in Canada, so as to relieve the shortage quickly and uniformly in all sections. There is no shortage of raw sugar in the country, the difficulty being confined to the supply of the refined product. Premier Oliver has been advised of the situation and has been requested to urge upon Ottawa that similar action be taken to that adopted by the United States Government. [...]

Enquiry at the B. C. Sugar Refinery this morning elicited the information that the refinery, while operating to capacity, had at no time in its history done any business in the export trade, all of its product being shipped at once to British Columbia points and the prairies. It was further stated that a considerably larger supply was finding its way to the prairies this year than last.

The prairies are supplied by the eastern sugar refineries as well as by the local refinery. As far as the provincial situation is concerned, there is plenty of stock for normal canning requirements at this season of the year. Local cannery officials have heard nothing of the reported conference called for Ottawa.

⁶⁷ From NO SUGAR ON THE PRAIRIES. (1919, July 26). *The Daily Province*, p. 3.

⁶⁸ Prohibition of alcohol in the United States led some to turn to sugar as a substitute. “A sugar crisis looms [...] and the main cause of it is John Barleycorn’s death. It seems that his funeral is being celebrated in America by reveling in sweets, candies and soft drinks. Indeed statistics show that already the consumption of sugar has increased about 100,000 tons a month since prohibition made itself felt. The result is Herbert C. Hoover has felt himself constrained to place an embargo on sugar exports from America.” Sugar Consumption Increases. (1919, July 23). *The Ligonier Echo*, p. 8.

“No more licenses for sugar export”⁶⁹ (August, 1919)

Still no relief is in sight in respect to the sugar situation in Alberta, although hopes are entertained that six or seven cars may be received in Calgary within the next few days.

As a result of the vigorous representations that have been made by S. S. Savage, in behalf of the Western Fruit Jobbers' Association, and by others, the Canadian trade commission has wired him that no more licenses to export will be granted. It is not clear whether this means that the eastern refiners will not be allowed to fill their contracts with Great Britain and elsewhere. If the outside orders have to be filled by the eastern refiners then they will not be able to improve the western conditions to a marked extent, as they report that they have orders to keep them busy for a considerable time.

CANNOT ENLARGE PLANT

The British Columbia Refinery has orders for 60 days running outside their B. C. trade altogether, so that it cannot do much more than it is now doing unless it enlarges its plant. Local grocers have been wiring eastern refiners for sugar, but the reply is the same in all cases: “We have more orders than we can handle,” and no quotations given.

The telegram that Mr. Savage received from the Canadian trade commission Friday morning was as follows:

“Yours received. Meanwhile issuing no more export licenses for sugar. Food board investigating actual requirements of the western provinces. Have advised eastern refiners of urgency of the western situation. Suggest that western buyers get into immediate communication with the different eastern refiners and make direct arrangements regarding delivery and prices.”

FOLLOW UP MESSAGE

Following up is message to the board Thursday, Mr. Savage sent the following telegram to the board on Thursday night:

“Canada Trade Commission: Vancouver refinery cannot promise any improvement in the sugar delivery here. They are still shipping to Saskatchewan accepted orders. Understand they have 300 cars on order for that province. Eastern refiners will not quote prices. Can you secure 30 cars for immediate shipment? Name prices. This quantity required for Alberta alone. Advise quickly. Also answer last telegram. We expect five cars in Calgary market this week. Could use 15 weekly for three weeks.”

⁶⁹ From NO MORE LICENSES FOR SUGAR EXPORT WILL BE GIVEN. (1919, August 1). *The Calgary Herald*, p. 13.

“Put an embargo on sugar exports”⁷⁰ (August, 1919)

The following is a statement from S. S. Savage of Plunkett and Savage, who is leading the fight to bring about an ending of the sugar shortage in Western Canada: “An embargo is the only remedy that will help Canada now. The B.C. Refining Company is doing all it can to help the situation, but it has orders ahead for two months which it must fill. The eastern refiners say that they can only ship limited quantities to the west, but this is because they are exporting. Exporting sugar when Canada needs it so badly to counteract the high cost of living is an improper proceeding and I shall ask the local members of parliament to petition the Dominion government to put an embargo on sugar exports until the Canadian situation has been relieved.”

Introducing the Board of Commerce⁷¹ (August, 1919)

The Board of Commerce was a government agency given a great deal of independence and wide-ranging powers to enact measures promoting competition and thereby lowering the cost of living.

How far the existing combines, trusts, monopolies and mergers of this Dominion operate to increase the cost of the necessities of life may be known as soon as the newly-created Board of Commerce is completed and begins its labors. The machinery for curbing the profiteer is there; all that is necessary is to start it.

By the terms of the Combines and Fair Prices Act of the last session the Board is given wide powers. It may restrain and prohibit the formation and operation of combines; it may of its own volition hold an inquiry where it suspects a trust or combine exists; it can issue an order insisting on such trust's dissolution; and it may remit evidence to the Exchequer Court with a view to cancellation of patents wherefrom monopolies or combines arise.

In addition the Governor-General under the act is given power to alter the tariff so as to reduce or abolish altogether the duty on any article of commerce the subject of a combine or trust.

⁷⁰ From EMBARGO PUT ON SUGAR EXPORTS. (1919, August 7). *The Winnipeg Tribune*, p. 15.

⁷¹ From Powers of the Board of Commerce. (1919, August 8). *The Vancouver Daily World*, p. 4.

The Sugar Order⁷² (September, 1919)

One of the first acts of the Board of Commerce was to restrict profits from the sale of sugar. This would become their marquee measure; the Board would point to the savings to the consumer from their orders on sugar as evidence of their usefulness.

Particulars as to the sugar order by the Board of Commerce were announced at the forenoon session by H. W. Whitla, K.C. It having appeared that the immediately urgent demands for sugar in Western Canada would be met by a supply at once of 2,000 tons, it says, certain companies agreed to supply portions thereof. The export of sugar is limited until home consumption is supplied. It is ordered that hereafter until further ordered, any price on the sale of sugar for consumption in Canada shall be deemed unfair which exceeds a price arrived at on the following basis: Wholesales may bear a net profit not greater than two-fifths of 1 cent per pound, it being estimated that at present such profit will inure from sales at not over eleven cents per pound, including commission, of not more than five per cent., to be payable by refiners to wholesalers, or other distributors, for the service of distributing to retail or other trades. Wholesales may produce not more than 5 p.c. commission mentioned. Wholesales may be made at a price not greater than the last listed resale price of the refinery which produced the sugar plus actual freight paid or payable and plus 1 cent per pound at a retailer's net and only profit. After the export market shall be forbidden to said companies, application may be made to the Board for reconsideration of the domestic prices.

“Everyone is Losing Money on Sugar”⁷³ (September, 1919)

Sugar dealers believed the Board's maximum 'profit' had been set too low, once costs of overhead, transport and handling were taken into account.

A dozen or more dealers engaged in the handling of sugar were called to give evidence before the board of commerce at its sittings in Regina yesterday. All branches of the trade, brokers, wholesale grocers and retailers were represented, and the evidence submitted gave a clear insight into the sugar situation and the way in which the trade in sugar is conducted in this province. Dealers were unanimous that there was no hoarding of this commodity in Saskatchewan. Profits of wholesalers on sugar sales ran about five per cent., it was stated, and prices quoted by various dealers showed the prices to be fairly uniform.

Colonel Rankin, commissioner for the board of commerce, stationed at Regina, was in charge of the enquiry, and W. F. Dunn, of Moose Jaw, appeared as counsel for the board. Inspector Goldsmith, of the provincial police, was in attendance.

⁷² From COMMERCE ORDER DEFINES PROFITS ON SUGAR SALES. (1919, September 27). *The Montreal Gazette*, p. 13.

⁷³ From EVERYONE IS LOSING MONEY ON SUGAR, SAY WITNESSES AT PROBE. (1919, September 30). *The Regina Leader*, p. 8.

While a sitting of the court had been held on Friday of last week in order to get the machinery of the board in operation, the first real session for the giving of evidence was held yesterday.

LOST MONEY ON SUGAR

Chas. Biggs, of the Biggs Grocery, was the first to give evidence at the afternoon session. Asked as to what he considered a fair profit for a retailer to make on sugar, Mr. Biggs stated that he thought 15 per cent. would be considered fair. It cost him 16 2-3 per cent. of his total sales to do business, Mr. Biggs stated, and his turnover last year amounted to about \$46,000. He sold mostly on a cash basis, but operated a delivery system. He lost business handling sugar, he said.

Dealing with the price of sugar Mr. Biggs told the board that he sold practically all his sugar at 13 1-2 cents per pound. The only exception was a five-pound package which he sold at 70 cents or at 14 cents per pound.

In this regard, Mr. Dunn stated, he did not consider that Mr. Biggs had been complying with the orders of the board.

D. C. Ritchie, of the B.C. refineries, located at Regina, gave evidence that he had on hand at the present time sugar to the amount of two barrels, five kegs and 28 boxes, all lump sugar.

WANTS LARGER PROFIT

H. G. Smith, of the H. G. Smith Company, Limited, wholesale grocers, was on the stand for a considerable length of time, and Mr. Smith was closely questioned as to all the details of his business as it pertains to sugar. The evidence given by Mr. Smith did not necessitate the witnesses following being held so long. Sugar cost him \$11.36 at the present time, and this was sold at \$12 per 100 lbs., with a discount of one per cent. with seven days. This worked out at a profit of about five per cent.

Mr. Smith was questioned closely with regard to the system in vogue here of resale prices. There were printed lists of prices which were supplied to all travelers, Mr. Smith stated, showing what price sugar could be laid down at all the towns in the territory. Orders were sent direct to the towns from the manufacturers, the local wholesaler receiving a commission of five per cent. As far as Saskatchewan was concerned this system had been discontinued since the sugar shortage commenced. The risk was now all carried by the wholesaler.

LOSES MONEY ON SUGAR

Mr. Smith strongly protested, as did all the other wholesale representatives who followed, at the low profit allowed by the board of commerce. It was costing him nine per cent. to run his business, Mr. Smith stated, and yet he was only allowed five per cent. profit on sugar. He referred also to the various ways in which the western dealer stood to lose as a result of conditions in business resulting from the war. Mr. Smith stated that he would like to make representation to the board of commerce that the wholesaler be allowed at least seven per cent. profit on sugar on carload lots. On smaller lots in the city and country there should be at least one per cent. more profit allowed.

NO SUGAR HOARDING

S. C. Burton, manager of the firm of Cameron and Heap, wholesale grocers, followed. He knew of no hoarding of sugar in this province. He repeated what Mr. Smith had said relative to prices, and stated that the wholesalers had received no intimation from the board of commerce relative to what they were expected to sell sugar at, excepting through the newspapers. It cost his firm eight per cent. to do business. It had been necessary for the company to increase the salaries of the staff more than \$8,000 last year.

Mr. Dunn asked Mr. Burton if he considered one cent a pound sufficient profit on sugar handled by the retailer. Mr. Burton said he did not know how a retailer could keep alive on a profit of once cent a pound. He was losing on the deal and would have to make it up in something else. He would not be surprised if some retailers would refuse to handle sugar at that margin. [...]

RETAIL PROFITS

Considerable interests centred about the evidence submitted by Mr. [Chas. A. Biggs, of the Biggs Grocery]. Colonel Rankin stated that he had an order fixing the profit by the retailer at one cent per pound on sugar. Mr. Biggs stated that on some lines of sugar he made more than a cent a pound profit, though he maintained that when everything was taken into consideration his profit would not total more than the required amount.

All those who gave evidence at the morning session emphasized the fact that during the summer there had been a real shortage of sugar and that business conditions which pertained formerly could not pertain to the present times when conditions were quite the opposite of normal.

As a result of the evidence submitted in the morning by the different dealers it appeared that there had been during the past couple of weeks a decline in the price of sugar to amount to about 19 cents per hundred pounds. All dealers were unanimous in the opinion that there was no hoarding of sugar in this province. Quite the contrary was true according to the evidence, there being not sufficient sugar to meet the regular demands of the consumer at this time of year.

“A very large amount of criticism”⁷⁴ (September, 1919)

The Board of Commerce did not consult retailers when drafting its sugar orders, and as a consequence did not take into account the special circumstances and higher costs of that line of business.

In view of the fact that the present order which was made by your Board regarding the rate fixed for the retail sale of sugar, in our opinion, is neither satisfactory to the retail trade nor to the public, and as it is receiving a very large amount of criticism by the retail merchants and the press throughout Canada, we, as

⁷⁴ From The Retail Merchants' Association of Canada. (1919, September 30). Memorandum. In RETAILERS AND THE PROFIT ON SUGAR. (1919, November 8). *The Regina Leader*, p. 25.

representing the members of the Dominion Executive Council of the Retail Merchants' Association of Canada, desire to present our views regarding this matter before your Board, with the object of improving the present situation.

In the first place, we desire to say that we regret that you did not see your way to clear to give the retail grocery trade of Canada the same opportunity of presenting their views before you as you did the Refiners, and in this connection we desire to say that while there is a close relationship between the manufacturers, or producers, and the wholesale and retail trades, and there are many things in common, their interests, owing to their peculiar circumstances, are quite distinct, and in this connection we would like to impress upon you the necessity there is for not accepting the views of any of the above mentioned branches of any trade as representing any one of the particular lines, but each should answer for itself. Our interest are those of the retail distributors, and as such we will be pleased to give you any information regarding any line of retail trade, of which there are about fifty-five sections in all. Our association represents the retail trade from coast to coast, and it is, therefore, not confined to any particular local district.

In reviewing the order which you made regarding the sale of sugar, we find that you have given the Refiners a larger profit than we understand they have been receiving for some time. You have given the wholesale trade a permanency of price that they have not had before, and you have reduced the profit of the Retail Grocer and made it so that the entire business of retailing is absolutely unprofitable.

After careful examination, we find that the lowest overhead cost of doing business by the Retail Grocer is 18½ per cent., and, therefore, the placing of one cent per pound as profit on sugar by your Board causes a loss to every retail grocer on every single pound of sugar that is sold. We need not remind you that paper bags have gone up in price, as has also string, as well as wages of clerks, rent and other costs.

It has been found that the order made by your Board has had the effect of causing a number of people to endeavor to purchase sugar in larger quantities than they formerly did, some people who are staying in the country at present even telephoning to their grocer asking him to send a bag of sugar to their city homes. This sugar could very well be divided up into small lots, thus accommodating more customers during the present shortage. The grocers also wish to know if they have the right to refuse to sell sugar to strangers in order that they might have this commodity for their customers.

In our opinion, if the order made by your Board allowing the retail grocer only one cent profit per pound is insisted upon, it will have the tendency to make the grocers encourage the sale of sugar in larger quantities in order that they may handle it at a profit, and this would mean that the wealthy people would get the sugar, thus depriving the poor.

No reference has been made in the order as to whether the one-cent profit affects the price of fancy sugars, such as loaf sugar, cube sugar, pulverized sugar, etc.

Some of the refiners have different prices. For instance, Redpath's charge 30c less than the other refiners, and we are desirous of knowing if the different sugars

produced by the different refiners must be kept in separate and different bins and different prices charged to consumers. We would also like to know at what price per pound the grocers should sell sugar in one-pound lots when it costs \$11.23 per 100 lbs.

We desire to call your attention also to the fact that since your Board has placed restrictions on the retail sale of sugar the refiners have twice increased the price of sugar to the consumers – 45c per 100 the first time and 60c per 100 lbs. the second time.

In presenting our case before your Board, we desire to say that the retail grocer, who is the retail distributor of sugar, is just as an essential part of the community as any of the other classes, and that he cannot be replaced by any other means of distribution which is so economic. The payment for his services should, therefore, receive equal consideration with that of any other class, and with an overhead expense averaging 18 ½ per cent. throughout Canada, it is utterly impossible for him to distribute sugar at a less profit than 20 per cent advance on cost price, and we respectfully ask your Board to see that we get justice in this matter, and that we be not asked to sell sugar at a loss, which we are now doing according to the order made by your Board.

We regret very much that we did not have an opportunity of discussing this matter with you before the order was put into effect, but now that we have presented our case and given you the facts we trust that you will see the reasonableness of our claims and change the order so as to give us justice.

Some Reasons for the Sugar Shortage⁷⁵ (October, 1919)

S. S. Savage read an interesting report by R. M. Winslow, who went to Ottawa early during the present shortage on behalf of the B.C. Traffic and Credit Association and the Western Canada Fruit Jobbers' Association.

REASONS FOR SHORTAGE

In his report, Mr. Winslow points out a number of the reasons for the present sugar shortage. He enumerates them as follows:

The increase in population.

Greater demand for ice cream and soft drinks.

Increased demand generally following lifting of [wartime] restrictions.

Three weeks' strike at Vancouver.

Strike in Montreal.

Heavy exports of candy.

Heavy commitments for export.

In dealing with the refinery's side of the case, he says that in April and May the refineries were loaded up with a big surplus of sugar, which they could not carry.

⁷⁵ From SUGAR REPORT SHOWS REASONS FOR SHORTAGE. (1919, October 3). *The Calgary Herald*, p. 12.

The Canadian trade would not lift this surplus, and they were forced into outside markets, selling at times at a loss of up to 12½ per cent.

EXPORTS OF SUGAR

Regarding the exports of sugar, Mr. Winslow's report says:

“Up to August 7 the Canadian trade commission was ignoring repeated requests for stoppage of exports, and though the commission in its wire of July 31 stated no more export licenses were being issued, it was silent, and continued silent, on the question of actually stopping exports, except to say in a wire of August 7, ‘it will involve confusion.’ The commission also maintained silence in the matter of government control of distribution in spite of our repeated requests. I endeavored to develop a plan for the re-establishment of the Canada food board to control the whole sugar situation, but found no influential supporters, it evidently being the policy of the government to close up the food board as quickly as possible [after the end of the war]. The shortage in Canada could have been much sooner relieved had there been a greater degree of capable oversight by the government as to supply and distribution.”

“Sugar Export is Forbidden”⁷⁶ (August, 1919)

WINNIPEG, Aug. 9. – Announcement yesterday that the Dominion Government had placed an embargo on the export of granulated sugar until home requirements have been met was made today by W. E. Milner, managing secretary of the Board of Trade.

“Reports that Manitoba and Saskatchewan are short their usual supply of sugar by about 300 carloads are undoubtedly true,” Mr. Milner said. As a result of this shortage it has been found necessary by Manitoba and Saskatchewan fruit dealers to cancel a great many large orders for British Columbia fruit.”

According to Mr. Milner, eastern refiners claim that they have been unable to make shipments owing to their inability to procure raw sugar cane. This was due, they say, to the New York marine strike which tied up more than 400 vessels.

It developed in arguments at a wholesalers' meeting in Winnipeg, however, that the refineries had been exporting sugar to other countries. Owing to the efforts of interested parties in the west, who got in communication with Ottawa, the federal government has discontinued these export licenses.

The British Columbia refinery has an output of about fifteen cars a day, but its product is sold in British Columbia and Alberta to the extent of some 350 cars ahead, and it will take no more orders until it has filled outstanding contracts.

Saskatchewan is in the worst position of any of the western provinces in regard to sugar supplies. Manitoba is likely to absorb all the eastern sugar and Alberta all the western output with none left for Saskatchewan.

⁷⁶ From SUGAR EXPORT IS FORBIDDEN. (1919, August 9). *The Daily Province*, p. 3.

“Many hundreds of requests”⁷⁷ (October, 1919)

OTTAWA, Oct. 29. – No more licenses for export of sugar from Canada are being issued, and old contracts which called for shipment of sugar to the United States have been cancelled by the Canadian trade commission, it was learned today. Export of sugar along the border points, which had been permitted to some extent in the past, also has been stopped, despite the many hundreds of requests for sugar being received by the trade commission.

Canadian sugar and the global market⁷⁸ (November, 1919)

Post-war conditions had led to a surge in exports for Canada’s sugar refiners. Some analysts believed the export ban would end with the arrival of Ontario’s sugar beets.

During the recent investigation by the Board of Commerce into the prices and conditions of the sugar refineries in Canada, there was a general impression created of a pronounced scarcity in refined sugar in Canada, so much so that special arrangements had to be made for shipments out West to relieve a pressing shortage there.

The scarcity in Western Canada still exists, and to some extent in the East as well, but this is a temporary condition only, due to some extent to a falling off in orders early in the season, and also to very large export business that the Canadian refineries have been doing.

400,000 TONS THIS YEAR

From the point of view of the investor this latter is a most promising condition, and as a result of large orders for overseas’ trade the Canadian refineries, by the end of 1919 will have to their credit the largest production in their history. The head of one refinery estimated this for *The Financial Post* at 400,000 tons, as compared with a normal output of 300,000 to 320,000 tons. He went on to declare that there was every likelihood that there would be an equal output in the year 1920.

CAN PRODUCE 700,000 TONS

Just how important export business is for the refineries may be seen when the total capacity of the plants in Canada are considered. This runs between 5,000,000 and 5,500,000 pounds daily, of which beet root sugar is almost 750,000 pounds. In the year this would amount to about 700,000 tons, so that even the record production of 400,000 tons is only about 60 per cent. of capacity. The consumption of sugar in Canada is now placed by refiners at some 90 pounds per capita, or say 350,000 tons a year, so that the sugar refineries could support double the population with few extensions to their plants. To all of them the export business that developed since the armistice will mean big increases in production and in profits.

⁷⁷ From SUGAR EXPORT TO BE STOPPED. (1919, October 30). *The Vancouver Sun*, p. 7.

⁷⁸ From SUGAR – Supply for Europe’s “Sweet Tooth”. (1919, November 8). *The Financial Post*, p. 36.

Two sets of export figures given herewith will illustrate this export situation concisely, the first covering the fiscal years of 1917, 1918, and 1919, and the second the corresponding five months of the new fiscal year, from April 1 to August 31.

Sugar Exports, 12 Months Ending March 31

	1919	1918	1917
Pounds	2,052,935	136,945,375	57,788,131
Dollars	169,708	8,976,686	3,496,589
In March, 1918			703,865 lbs.
In March, 1919			55,361 lbs.

Sugar Exports, 5 Months Ending Aug. 31

	1919	1918	1917
Pounds	132,308,664	639,530	118,113,057
Dollars	11,385,909	48,901	7,457,370
In August, 1918			6,125 lbs.
In August, 1919			44,466,386 lbs.

It will be noted, first, that for the greater part of the year 1918 there was practically no export of sugar from Canada, but a large export in 1917, and an even larger one in 1919 to date. As between 1917 and 1918, in the first year England, France and other countries took almost all Canada could export, but in early 1918 an International Sugar Commission regulated a world-wide scarcity of raws by limiting raw supplies to Canada, and virtually prohibiting export. After the war ended and shipping became more plentiful, the rigid restrictions of the Allied countries against sugar consumption cased off, and with neither English nor French refineries able to supply the demand, a goodly share fell to Canada.

SIXTY TIMES AS GREAT

Thus, where in the twelve months from April 1, 1918 to March 31, 1919, the Canadian exports had amounted to only 2,000,000 pounds, in the five months' period from April 1 to August 31, 1919, the exports were over sixty times as great, or 132,000,000 pounds!

Again, while export had almost entirely ceased in this five months' period in 1918 – a mere 639,000 pounds – the proceeds to the Canadian refineries changed from \$48,000 for 1918 to over \$11,000,000 in the five months of 1919, a considerable increase, too, over the best figures of 1917. As between the export business in August, 1919, and August, 1918, there is an overwhelming contrast, 6,125 pounds for last year, compared with 46,000,000 lbs. two months ago!

WILL CONTINUE AT LEAST YEAR OR TWO

Will this big export business continue for long? First of all, the sudden scarcity that has arisen in Canada has resulted in a prohibitory order from the Board of Commerce for any export at present except for what has been contracted for. This may mean there will be little export in November or December, but as the beetroot crop in Canada will start coming in about November 10, and will help provide against

any scarcity, the embargo on export may be lifted. For next year, it is expected that with ample supplies of raws available, export business will continue brisk, although how much longer, no one can tell.

BECAUSE GERMANY CANNOT SUPPLY

The export business to Europe is, in the main, due to the inability of Germany and Austria to supply the demand of England and France, and the Scandinavian countries, Denmark, and to some extent the East. Before the war Germany's normal production of beetroot sugar was 2,600,000 tons. Now it is reduced to 800,000, and Germany's own consumption, even on a rationing basis, far exceeds 1,000,000 tons. England's needs are 2,000,000 tons a year, with about half this supplied, normally, by their own refineries. Both in France and Belgium the devastated areas include the greater number of the pre-war sugar refineries, so that these countries must depend for some time longer on Canada and the States. Herein lies a bright prospect for Canadian export business in 1920, and to a great extent in 1921 as well.

While the supply of raw sugar – cane and beet – has been better this year than last, there is still a scarcity in various sections. Canadian refineries, however, have fared fairly well and special allotments came here on the understanding that they were intended for export as refined sugar. Below are given two tables showing first, the Government returns for raw sugar imported into Canada for the twelve months ending March 31, for each of the past three years; and, secondly, the figures for the five months ending August 31, in each of the three years.

Raw Sugar Imported, 12 Months Ending March 31

	1919	1918	1917
Pounds	718,649,401	765,613,368	731,444,247
Dollars	35,363,499	36,509,967	31,416,578

Raw Sugar Imported, 5 Months Ending Aug. 31

	1919	1918	1917
Pounds	480,975,374	317,022,124	418,171,567
Dollars	26,993,214	14,973,882	19,402,310
For August, 1918			110,318,256 lbs.
For August, 1919			63,016,507 lbs.

OVER 60 PER CENT. MORE RAWS

These figures show the largest importation in twelve months' period, of raws for part of 1917 and early in 1918, with a drop for the most of 1918, when there was a world scarcity. But the figures for the present year, April 1 to August 31, show 60 per cent. more brought in than one year ago, while the increase last August over August, 1918, is even greater. Canadian refineries were well favored this year, and even if the Board of Commerce does not rescind its embargo during the balance of the year, the 1919 record of production promises to stand by itself in the history of the sugar industry.

DOMESTIC BUSINESS WILL GROW

While the large volume of export business can hardly continue beyond 1921 at latest, the domestic field offers large possibilities to the Canadian plants. It is estimated that the per capita consumption will increase. [...] Every 1,000,000 gain in population means 90,000,000 pounds more of sugar required in this country every year, or 45,000 tons. Then the demand for confectionery, ice cream, soft drinks, etc., is gaining, and there is a theory, to which Canadian refiners are not yet fully committed – that prohibition will create a demand for “sweets” as a substitute for drinks, and the 90 pound estimate in Canada per capita will steadily grow. While the average consumption in the United States is 85 to 90 pounds, the estimate for Kansas – a “dry” state for years past – is as high as 114 pounds per capita.

Yellow Sugar has few Buyers⁷⁹ (December, 1919)

Victoria, British Columbia, faced a “sugar famine” in late 1919 and early 1920. White sugar was nowhere to be seen, but yellow sugar was allegedly plentiful.

If the people of Canada want a certain large quantity of yellow sugar which is available for use in the Dominion, they will have to ask for it, according to a notice which it is understood is to be sent out by the Canadian Trade Commission through various channels. There is, it is said, a large quantity of yellow sugar available in Canada, but at the present time there appears to be “no takers” and this sugar is not being ordered from the refiners and wholesalers in whose hands it is lying. If the Canadian people do not want yellow sugar it will help build up an export trade, and the supplies now available will be released to buyer sin other countries who are anxiously seeking it.

1920

“Where is the sugar?”⁸⁰ (January, 1920)

To the Editor, – May I claim a small space in your valuable paper to ask a question about an article in to-night’s paper? Who has the power to ask for the yellow sugar that the article claims is available for the asking? I have a family of six children, and for many weeks we have been using syrup for everything – sweetening porridge, puddings, etc. – and using about two pounds of sugar a week. Not because I didn’t want brown sugar, but because at every store, and I have called in day after day every week until I’m sick of begging for sugar, I was told repeatedly “none in” or “be in tomorrow” – always the same tale, “no sugar of any kind” – for I have asked for brown

⁷⁹ From MUCH YELLOW SUGAR NOW IN CANADA BUT BUYERS FEW. (1919, December 31). *The Victoria Daily Times*, p. 1.

⁸⁰ From A MOTHER OF SIX CHILDREN. (1920, January 2). WHERE IS THE SUGAR? *The Victoria Daily Times*, p. 4.

each time, hoping to get it. My husband is away at present, and because he always does the shopping, I suppose I may be refused because I am not known as a regular customer – which I certainly am at one or two stores. But it is certainly a shame to have to read an article like that, when one has to deny one's children such a needful thing as sugar, and go without cakes – especially when the candy stores don't ever seem empty, nor the various "parties" short of sweet things.

From the horse's mouth⁸¹ (January, 1920)

To the Editor: – I have read with interest the letter of "A Mother of Six" respecting the difficulty of obtaining sugar in Victoria and I should like to explain the situation so far as I know it and thus relieve the manufacturers and the dealers either wholesale or retail from unjust stigma.

As is fairly known, the price of sugar is controlled by the Government, but what is not well known is that this price is lower than in the world outside. During the last six weeks we have offered two cargoes of 5,000 tons each from South America, and another from Hong Kong of Java sugar, but the price after paying the Canadian Government duty would necessitate a retail price of eighteen cents or twenty cents per pound. This makes business impossible to the trade but the manufacturers of candy, etc. will pay a higher price, and that is the reason why they are able to get supplies. To the ordinary mind it seems strange that the Government should be so keen on controlling the price of a commodity like sugar on which there never has been room for profiteering, and allowing other articles such as bacon, eggs, butter, etc. to be sold without restriction, while at the same time they do not relax the duty of one or two cents per pound paid to themselves.

"The worst sugar famine in its history"⁸² (January, 1920)

Victoria to-day is facing the worst sugar famine in its history. Wholesalers and retailers alike announced to-day that there is not a pound anywhere, except possibly a few odd lots that some shop has stored away for special customers. The famine includes both yellow and white sugar.

Wholesalers in vain have been bombarding the Vancouver factory and distributors throughout the country for sugar. Not a pound of sugar has come through to Victoria for the general trade for nearly two weeks.

One of the big local factories a couple of days ago received fifty tons. A carload of Eastern yellow sugar reached Victoria to-day, but this does not ease the situation, as the sugar was sold long before its arrival to local bakers.

⁸¹ From Frampton, A.T. (1920, January 3). SUGAR. *The Victoria Daily Times*, p. 4. Written by Albert T. Frampton (1861 – 1939).

⁸² From SUGAR FAMINE HERE WORST YET. (1920, January 2). *The Victoria Daily Times*, p. 17.

Reports from Ottawa that there is a good supply of yellow sugar in the East are hotly denied by local wholesalers, who have been searching by telegraph for its location, only to find that it does not exist.

Wholesalers say that the famine may be relieved for not more than a few hours early next week when a shipment of white sugar sent from Vancouver on December 31 is due to arrive. This, however, will be taken up almost before it is unpacked. This shipment is the “tail end” of the 1919 allotment due Victoria, but it will not be enough to have any appreciable effect.

“We simply can’t get any sugar, either white or yellow,” said one wholesaler today. “Vancouver is distributing it as fast as supplies are available. The shortage now is the worst we’ve experienced. There is none at all. The big Christmas demand cleaned the manufacturers entirely. Wholesalers have not had any for two weeks.

Import Restrictions and the Sugar Famine⁸³ (March, 1920)

While Victorians were absolutely unable to get sugar for the most necessary purposes at any price, last November, Ottawa refused to allow grocers here to import foreign sugar under any conditions, although manufacturers were being given permits to bring in large quantities for manufacturing purposes, but not for domestic consumption.

This is what members of the Legislative Sugar Investigating Committee at the Parliament Buildings learned when Owen Copas, of Copas & Sons, retail grocers, was called to the stand. Mr. Copas explained he had been importing sugar from Yokohama before the war.

The refusal to allow Mr. Copas to import sugar for his customers after he found out he could not get any in Canada was issued by W. F. O’Connor, then Cost of Living Commissioner. Mr. O’Connor gave as his reason that there was “ample sugar in Canada.”

Mr. Copas produced the following telegram he sent the Board of Commerce:

“November 7, 1919 – We can buy sugar in Hongkong costing approximately 15 cents a pound, duty paid delivered, Vancouver. Are we permitted to sell this sugar on the basis of our cost plus five per cent, or must it be sold at a price fixed by you?”

In reply to the foregoing Mr. Copas received the following message:

“Ottawa, Nov. 8, 1919. – Board consider it inadvisable that sugar be offered at sale in Canada to consumers at price which your purchase Hongkong sugar would necessitate. There is ample sugar within Canada to respond to Canadian needs and to be obtained at a lower price than that mentioned in your wire. W. F. O’Connor.”

⁸³ From Sugar Famine Here, But Ottawa Refuses Permits for Retailers to Import (1920, March 10).. *The Victoria Daily Times*, p. 18.

The Board of Commerce visits Vancouver⁸⁴ (January, 1920)

William White, K. C., secretary of the Board of Commerce, returned to Vancouver Tuesday morning from Victoria, where he spent the Christmas holidays. In the afternoon he met the wholesale grocery trade of Vancouver and left in the evening for Ottawa.

The wholesalers brought up a number of questions, including the supply of sugar. It was pointed out that the trade is receiving sugar from the local refinery on the basis of last year when the restrictions were effective. It is also stated that this year there is an increase of 70,000 in the provincial population, with the return of the soldiers and new residents.

Mr. White was urged to take steps to induce the Eastern refineries to come further West than the present dividing line in order that the B. C. refinery might be enabled to provide local consumers with a more adequate supply. The question of Chinese sugar imports was also under discussion, the statement being made that were the wholesalers allowed to handle the imports even at the high prices entailed, relief might be afforded.

During the conference the grocers took occasion to say that they welcomed the operations of the Board, stating that the trade had nothing to conceal. The services of the members were placed at the command of the secretary of the Board. On the question of profits, Mr. White was told that the grocers' records had been consistently forwarded to Ottawa and that these had shown that while the cost of operation had advanced, the margin of profit had only increased in exceptional cases. The suggestion that grocers had been speculating on foodstuffs was without foundation as evidenced by the fact that there was an entire turnover seven to ten times per year.

Mr. White promised to lay the matters before the Board.

A sudden abrogation of sugar control⁸⁵ (February, 1920)

In February of 1920, the Board of Commerce suddenly and temporarily relinquished control of the price of sugar. The official explanation was that they wanted the public to see the consequences of a less regulated market on the cost of living.

Ottawa, February 26. – In a totally unexpected order abrogating the sugar control in Canada, the Board of Commerce has issued a challenge to those who have questioned the usefulness of the Board or have urged its dissolution. Claiming to have saved the general public about \$100,000 a day during the seven months in which it has regulated the price of sugar, the Board has suddenly rescinded its orders fixing the retail price of sugar to provide the Canadian public with a demonstration of

⁸⁴ From MR. WHITE MEETS WHOLESALERS. (1920, January 3). *The Victoria Times*, p. 9.

⁸⁵ From COMMERCE BOARD ABROGATES ORDER OF SUGAR CONTROL. (1920, February 27). *The Montreal Gazette*, p. 2.

“whether or not the orders of the Board have been effective, and especially as to whether or not profit control is possible or beneficial.”

The fixed price under amended regulations of the Board was sixteen cents per pound plus freight, and refiners and wholesalers were ordered to sell sugar at such prices as would enable retailers to derive a profit of one and one-half cents per pound on sales.

The exchange situation and the increased cost of raw material has greatly increased the cost of production, and retailers have demanded recently permission to make a profit of three cents a pound on sales. Some changes in the fixed price having become necessary, the Board has now rescinded its control entirely, for the reasons set forth in today’s order.

The order is signed by Commissioners W. F. O’Connor, K.C., and James Murdock. The order goes on to say:

“An agitation has arisen for the abolition of the Board, which agitation is based on the ground that its work is ineffective and the control of profits on commodities impossible, and that the various efforts of the Board have failed.

“A canvass for a fund to secure the suppression or abolition of this Board, or to impede its efforts, has been made throughout Canada by personal approach and by way of circular letter.

TEST OF EFFECTIVENESS

“This Board deems that it will be in the ultimate benefit of the public that a test or demonstration be now made as to whether or not the orders of this Board have been effective and especially as to whether or not profit control is possible or beneficial and for the further purpose of discovering whether the demand made on behalf of retailers of sugar for liberty to take a profit of twenty per cent. upon sales of sugar, if acceded to, would have been taken advantage of, this Board, in order to provide such a test or demonstration has decided to entirely cease control over profits on sugar.”

A rise of 150 per cent. in exchange delays occasioned by Cuban strikes in the delivery of raw sugar purchased at comparatively low rates months ago, and the necessity for purchasing elsewhere at high rates are shown to have increased the cost of production, while retail grocers in Canada have appealed to the Board of Commerce for liberty to take a profit of twenty per cent. on sales, or, roughly, something over three cents per pound as profit.

The order of the Board of Commerce also admits that the cost of production of sugar in Canada is almost four cents a pound more than in the United States, exchange and other things considered, and draws attention to the fact that during the whole period of the Board’s control, the normal retail price of sugar has been from three to seven cents a pound in Canada less than in the United States.

Attention is drawn to the fact that a reduction of profits of merely three cents per pound upon sugar consumed in Canada amounts to a benefit to the consumer of more than twenty-one million dollars during the period of the Board’s control.

“The actual reason”⁸⁶ (March, 1920)

The decision of the Board of Commerce to withdraw its restrictions in regard to sugar came as a very decided surprise to the general public, though it may very possibly be that it was not so great a surprise to the refiners. The Board has always held up the moderate price of sugar as the one thoroughly demonstrable argument of public service. According to the statement of the members of the Board, they had held down the price by the method of setting prices. If the public did not believe it they would remove the restriction and let the public see what happened. As the Board has time and again reiterated the statement that they would do their duty quite irrespective of whether the public appreciated what they were doing or not, this latter attitude of punishing the public for its lack of faith is all the less understandable.

The reason given for withdrawing the price fixing order can hardly be taken seriously, the actual reason, of course, being that the price could not be maintained longer at these figures. The added cost of raw sugars, the mounting exchange and the comparatively limited stocks available made production at the Board of Commerce figures practically impossible. The Board probably knew as well as anyone, that advances in sugar must come if the industry was to continue, knew also from the weight of evidence submitted that the wholesaler and retailer could not continue to handle the commodity at the margin allowed. There were evidently two courses open, to amend the regulation or to withdraw it. Amending it would have in a measure at least laid the onus of the advance in price on the Board of Commerce; withdrawing it, not unnaturally left the impression that all along the line from refiner to retailer, the effort to get an unwarranted profit revived as soon as the Board of Commerce intended should be conveyed to the public. It is an impression, however, that is neither true nor just. Moreover, the incorrect impression that has been left on the public mind is a dangerous factor. It has added something to the mistaken, but all too prevalent opinion that all distributors of food are profiteering.

HOLDING DOWN PRICES

Taking it as a whole, the evidence of the lower price of sugar during the period of restriction gives no proof that price fixing is a judicious or helpful practice. It is possible, of course, to reduce or hold down the price of any product, providing there is any agency with power to do so, but it is a restriction on the free course of trade that cannot but have injurious effects.

⁸⁶ From Rutledge, J. L. (1920, March 6). COMMERCE BOARD PLAYS TO GALLERY IN SUGAR CONTROL. *The Financial Post*, p. 3. Written by Joseph Lister Rutledge (1885 – 1957).

Secrets of the Sugar Famine⁸⁷ (March, 1920)

The president of the B.C. Refinery points out that to explain the sugar famine, it is necessary to think of Canada's sugar refiners in the context of a global sugar industry and a country divided into Eastern and Western sections.

Blythe D. Rogers, successor to his father, the late B. T. Rogers, as president and managing director of the B. C. Sugar Refinery, [...] explained that there will be 20 per cent. more sugar here this year than last, told how this Province happens to have the cheapest sugar on the continent, described his buying and distribution methods and ended by denying that sugar this year would go up to anything like thirty cents a pound retail, though it may go to twenty cents. [...]

Mr. Rogers testified that his company has no monopoly in B. C., that other refiners are free to enter the field and have been doing so when they have supplies, that Regina was set as the dividing line between the B. C. and Eastern refineries by the Dominion Board of Railway Commissioners and they had set their freight rates accordingly, and that the sugar prices sent out by the refiners to which wholesalers had to conform were sent out under the orders of the Board of Commerce and the refinery had no option in the matter. [...]

Three reasons for the Canadian and world shortage of sugar were given by Mr. Rogers: 1. The shortage through the paralyzing of German and European production during the war. 2. The general strike in Vancouver last June. 3. The disturbance of trade by certain governments securing to themselves more than their fair proportion of sugar, and, in Canada, the interference with normal business on the part of the Board of Commerce.

Germany and Austria before the war produced an exportable surplus of 3,000,000 to 4,000,000 tons of sugar, of which 2,000,000 went to England, supplying practically all the needs of that country, Mr. Rogers explained.

"The war cut off most of that European sugar," Mr. Rogers said. "At the same time the war also cut down the quantity consumed as Great Britain could not afford the tonnage to import from other parts of the world.

"After the war European countries entered the market again on a consuming basis. During the Spring of last year Great Britain and the United States purchased the whole Cuban crop of 4,000,000 tons for 1918-1919.

"The B. C. Refinery was at that time able to secure supplies from Peru and Java. But on June 4 the sympathetic strike broke out in Vancouver. We could not only not operate the refinery, but could not land a pound of sugar on the wharf.

"Then France surprised the world by removing all restrictions on sugar. French buyers entered every market and bid up prices. At the same time came the news of the drought in India, which reduced that crop by 1,000,000 tons." [...]

"In no circumstances would we go into the market to buy raw sugar while the strike was on," Mr. Rogers continued. "When the strike was over we returned to the

⁸⁷ From Rogers Bares Secrets of Sugar Famine; Says Supply Unlimited Soon. (1920, March 16). *The Victoria Daily Times*, p. 8.

market to find that there had been an upheaval because of French buyers taking everything they could get and everything had gone up.”

Faced with this, he went to Ottawa to get authority to import some American sugar to the extent of 5,000 to 10,000 tons. Ottawa, however, found that the United States was threatened with a shortage and would not let him have a pound.

At this time the Board of Commerce was buying sugar for the Eastern refineries at \$5.50 a hundred. The B. C. Refinery, however, could not get any of this Cuban sugar and had to fall back on the more expensive sugar imported direct. He explained that no one at that time would have dared to have bought heavily ahead in these expensive sugars. The only source of supply was Peru, which only has a small crop of 250,000 tons a year, and of this B. C. got small quantities as freights offered.

Contracts were afterwards made with Cuba at prices which have now turned out to be favorable because of the big increase in prices since.

“But,” Mr. Rogers continued, “the Cuban grower has put every possible stumbling block in our way to provoke us to cancel our contracts, because he can sell this sugar elsewhere at much better prices. All our shipments have been delayed. Our December shipment did not leave until January 13 and our January shipment not until March 7. Our February shipment is just starting to load. We have just got to lie down and take these things as they come or we don’t get any sugar.”

In answer to [a] question, Mr. Rogers replied that his firm’s own plantations in Fiji produce only enough to keep the refinery running for two or three weeks, that normally the refinery is contracted ahead for three or four months on raw supply, that it takes thirty to forty days to get sugar to Vancouver after contracting for it.

“Our first attempt to purchase after the June strike was made on August 6,” Mr. Rogers went on, “we got prices on Peruvian sugar from San Francisco. The cost of this, however, was so high that it would have had to have been sold here at fourteen cents a pound. The price here at that time was ten cents a pound. Besides that, Eastern refiners had cheaper sugar and we could not bring in sugar that was going to cost us four cents a pound more. At that time we had offers to deliver sugar to France and we were told that price was no consideration to them.”

Mr. Rogers explained that the B. C. Refinery was not in the Eastern refinery pool which has been operating on supplies furnished by the Government.

“The opportunity was not given us to enter that pool,” Mr. Rogers testified. “Except when they want taxes, the Ottawa Government thinks that Canada consists of Ontario and Quebec. They made arrangements for supplies for the Eastern refiners and left British Columbia entirely out.

“Normally when governments don’t interfere with distribution of sugar, our competitors have to buy at the same prices we do. But here we were forced to buy at high prices and our competitors in the East were supplied at low prices by the Government.

“We have been very unfairly treated in the matter of fixing prices for Canadian refiners and allowing importers to bring in higher priced sugar. We have certainly never taken any means to prevent anyone importing sugar. But it is most unfair that we must enter the world’s markets to buy our sugar, bring it here and sell it at a fixed

price, while sugar is brought in from foreign refineries which pay no taxes here, employ no Canadian labor or use no Canadian goods and can be sold here at higher prices.

“By restricting our prices here, [the Board of Commerce] is just taking business out of the hands of Canadians and putting it into the hands of foreigners. With our selling price fixed when we go into the market for Java sugar against the Chinese refiners, whose price is not limited, they can pay more than we can and naturally they get the sugar.” Mr. Rogers testified that Java sugar is now seventeen cents a pound raw. When the price for refined sugar here was ten cents a pound, Java raw sugar was eleven cents.

He said that the normal profit of his firm does not vary from forty cents a hundred pounds, which is the figure which the Board of Commerce set when it took to overseeing the industry. This year according to present contracts the B. C. Refinery will handle 130,000,000 to 140,000,000 pounds of sugar, which will be twenty per cent. more than last year and the most ever purchased in any year. In 1919, 106,000,000 pounds was handled, in 1918, 110,000,000 pounds.

Mr. Rogers detailed the cost of refined sugar as follows on the basis of the raw costing \$10 a hundred; raw sugar, \$10, duty into Canada \$1.30; rate of toll and cost of refining \$2.50; total \$13.88. In addition there is the six per cent. discount allowed the wholesaler which brings the wholesale cost up to \$14.60. To this has to be added the exchange on the raw sugar which is paid in American gold which costs twelve to fifteen per cent. The refining charge of \$2.50 is the rate allowed by the Government and is the allowance made by the British Government when it gives raw sugar to refineries to refine.

Of the output of the B. C. Refinery Mr. Rogers swore that 40 per cent. is allotted to British Columbia, 31 per cent. to Alberta and 29 per cent. to Saskatchewan. He presented audited statements to this effect from Price, Waterhouse & Co.; the proportions are based on the 1918 allotments before the shortage, and have been adhered to since.

“There is no territory prescribed for us,” he went on. “Our territory is governed by freight rates set by the Board of Railway Commissioners. The line now runs through Regina. Up to 1918 it was Portage La Prairie. Saskatchewan is really a no man’s land for the B.C. and Eastern refiners, and competition there is very keen.

“When the shortage developed in June, 1919, we withdrew from Saskatchewan territory. The people there then went to the East for their sugar and the East told them to “go and chase themselves” as they were tied up with export business to England and France.

“The president of the Saskatchewan wholesalers then came to us and put the whole situation up to us. As a result we re-entered the Saskatchewan in August and gave them their proper proportion based on the 1918 purchases.”

Mr. Rogers swore that he could prove that every wholesaler got exactly the same per centage of sugar out of every cargo refined. Examined regarding catalogues published in Edmonton and other Prairie cities offering B.C. sugar in 100 pound sacks, Mr. Rogers declared the B.C. Refinery had nothing to do with it as all

wholesalers are treated alike. The refinery would not stop Alberta dealers from offering sugar in generous quantities at favorable prices to people in the Interior of B.C., as bait to get their trade. Besides this, these dealers may get sugar from the East as the Eastern refiners sometimes swoop into the Prairies with offerings.

Asked to explain how the B.C. Refinery has been able during the shortage to sell its sugar at two cents a pound under the price of the Eastern refiners, Mr. Rogers said: "Our low price is due to the fact that we have been favorably bought and the public has had the advantage and we have had little thanks."

He explained that until restrictions were removed two weeks ago and they were free to charge more than \$14.50, they had not contracted for the full 20 per cent. more sugar this year than last year.

He would not say anything about future prices of sugar, but gave out that some of the new contracts just made for this year call for a price of \$11.25 for raw sugar. Before this sugar gets to the wholesaler these additions will have to be made: \$1.34 for exchange, \$1.38 for duty, \$2.50 for refining and \$1.10 for the wholesalers' margin. This makes a wholesale price of \$17.50.

"Between 130,000,000 and 140,000,000 pounds of sugar may be required by us this year to meet our demands," Mr. Rogers added. "And now that we are able to buy at the market prices we will be able to give everybody all they want."

A sweet dish best served cold⁸⁸ (April, 1920)

Sugar has gone up three cents a pound. As the board of commerce would remark, revenge is just like Turkish delight.

Wondering⁸⁹ (April, 1920)

The Canadian Board of Commerce may take on the control of sugar again. The people who are now paying 25 cents a pound for it are wondering why the board ever dropped control.

"Forbidden to use sugar as bait"⁹⁰ (June, 1920)

Ottawa, June 7. – The Consumers' Association of Windsor, Ontario, of which H. V. Martin is manager, has been ordered to discontinue the practice of soliciting membership, under its present or any other name, offering as an inducement the right to purchase such articles as sugar at specially low prices and without profit, and recouping its losses through the sale of other necessities of life at unreasonable profits, in excess of 25 per cent. upon cost.

⁸⁸ From COMMENT. (1920, April 19). *The Ottawa Citizen*, p. 20.

⁸⁹ From NOTE AND COMMENT. (1920, April 21). *The Calgary Herald*, p. 12.

⁹⁰ From FORBIDDEN TO USE SUGAR AS BAIT. (1920, June 7). *The Victoria Daily Times*, p. 2.

The Association is also restrained from selling assortments of commodities, some of which are advertised at low prices, while the prices of others are sufficiently high to make a profit. It is restrained from selling sugar or similar articles at less than cost on condition that other articles are purchased at the same time.

Mr. Anderson's two cars of sugar⁹¹ (June, 1920)

An interview with a sugar trader alerted Board of Commerce members to the profits to be made from arbitrage and speculation in sugar.

There was a great amount of intricate cross-examination regarding sugar prices at the session of the Board of Commerce. [...] The chief witness was Mr. Robert Anderson, Montreal merchandise broker. [...] Mr. Anderson said he had gone into the sugar brokerage because the refineries had stopped selling, and many of his clients, especially in British Columbia, had asked him to try and secure sugar for them. He had secured it, buying wherever he could find stocks, and sent it on, naturally making profits for himself. [He] was examined at length with regard to [...] two carload lots he bought from Vaughan Bros. at Magog, which were resold to Provost & Allard and H. N. Bate & Co., Ottawa, at prices considered to entail an unfair profit by the Board of Commerce.

As to this Mr. Anderson said he had bought one carload of sugar, which had to include a percentage of yellow sugar, at 22 cents for granulated and 19½ cents for yellow. He traced the progress of the sugar through different brokers until it reached Ottawa, with the result that ultimately the sugar passed through seven different hands before it reached the consumer. This was on May 14 of last year, when the 360 bags of sugar were sold to H. N. Bate & Co. at \$23.50 per hundred pounds. [...]

To the chairman Mr. Anderson said this transaction was not a speculation, but an ordinary business affair. He had met Mr. Wm. Galbraith and secured the sugar, and handled it in the ordinary way of business. [...] The refiners were off the market and he had to get the sugar for the public. He had not gone after the business but when he knew that Ottawa was after sugar he rang up H. D. Marshall at Toronto, and told him he had sugar. Within half an hour Marshall rang him up and the sale was put through, of the carload from Magog. [...]

Granulated was so scarce as to command a premium, and the dealers insisted that with every purchase of granulated a percentage of yellow sugar must be bought. The latter had to be sold at a loss, and cost had to be added to granulated to allow for this.

Mr. Anderson said that he was in New York in April of last year, when the sugar market was rising and very strong, owing to shortage of raw sugar. Then came the sensational advance, and large quantities of Canadian yellow sugar were exported to the United States, there being no market in Canada. He knew there was

⁹¹ From MIDDLEMEN WERE SHARPLY SCORED AT SUGAR PROBE. (1920, June 8). *The Montreal Gazette*, p. 6.

a quantity of yellow sugar in Canada, and was advised by Trade Commissioner Fairbairn to buy it, since there was bound to be an advance. [...]

On this Mr. Anderson said he had he had bought the sugar, a \$75,000 deal, but the Trade Commission had notified him that the sugar situation was so serious that they would permit no sugar export. He then got a New York associate to go into the deal with him, and when sugar we de-controlled the price rose nearly three cents a pound, and he and his associate got the advance. [...]

Eventually Mr. Anderson said he sold this 4,500 bags of yellow sugar to the St. Lawrence Refinery, at 18.61 cents a pound, the price of raw sugar in bond at New York having risen then to 18½ cents, plus freight, duty and exchange, which would make raw sugar 24 cents delivered at Montreal. [...] “We made about \$5,00 apiece,” said Mr. Anderson, “but nothing like the clean-up we could have made if we could have sold in the States.” [...] It transpired that the refinery, after buying this sugar, had exported it at a profit, under their export license, and Mr. Anderson objected that this was a species of discrimination. [...]

Commissioner Murdock then took up the examination as to this 4,500 bags of sugar, when Mr. Anderson said that he and his associate made 3 cents a pound profit, on the 450,000 pounds, and after paying expenses they divided about \$10,000 profit. [...] Mr. Anderson said that with such a market as had obtained during the past year all his prices were normal, some of them subnormal. He declared that he had done a very large sugar business, because the dealers could not get it from the refiners, and had gone to him for supplies, most of the demand having come from British Columbia. He had found where sugar could be bought, secured it, supplied it as a broker, and thus met an evident want. [...]

As to the two carloads of sugar for Ottawa, Mr. Anderson said he got them from Wm. Galbraith and Jos. Ward & Co. They had originally cost 19 cents at the refinery, but after passing through several hands had been sold to Provost and Allard at Ottawa for 23½ cents, and the ultimate consumer at 27 cents, an 8-cent a pound increase in handling. Everyone was making their profits. [...]

Mr. Cedric M. Vaughan, general merchant of Magog, told the chairman he had bought two carloads of sugar last year, and sold them to Mr. Jos. Ward. The sugar had cost him 16.24 cents for granulated, and he had sold it to Mr. Ward for 20 cents a pound, making nearly 3½ cents a pound. Ten years ago he had sold sugar at 4.60, with a profit of ¼ of a cent per pound. [...]

Mr. Thos. Ward, of Jos. Ward & Co., gave details of their difficulties in getting sugar, being unable to get it from the refineries, and buying from Vaughan Bros. at Magog, and wherever they could get it, re-selling at a profit of 2 cents on granulated, and a loss on yellow, which they had to buy to get the other. Not being in the Wholesale Grocers' Guild, he said, they had difficulty in getting sugar from the refiners.

Buy Low, Sell High⁹² (June, 1920)

Toronto, June 15. – At the inquiry of the board of commerce into the question of sugar sales by wholesale grocers it was brought out in evidence that sugar was sold in large quantities to Robert Anderson, a Montreal broker.

They found he could do business to great advantage in this way and so neglected the retailing customers. One lot of sugar, 150,000 pounds, was bought by John Garvey and Sons, of London, according to Leigh Garvey's evidence for \$19.16 less 5 per cent. This was later sold to Anderson at \$20 and he sold it in British Columbia for \$22 per hundred. The sugar came from Acadia, N.S. [...] J. A. G. Craig, of Warren Brothers, Toronto, said they sold 200,000 pounds of yellow sugar at \$15.17 a hundred to Anderson and he sold it for \$18.71.

A set of familiar controls⁹³ (June, 1920)

Shortly after the Anderson interview, the Board prohibited speculation in sugar by a set of rules reminiscent to those that had been imposed by the Wholesale Grocers' Guild in the 1880s, as part of their sugar agreement.

Speculating in sugar is now an indictable offense in Canada. The Board of Commerce has issued an order restraining refiners from selling to other than wholesalers, manufacturers or retailers; wholesalers from selling sugar to other than manufacturers or retailers; retailers from selling to other than manufacturers and consumers, and that in quantities no greater than the normal requirements of trade or household; and all other persons from selling sugar in excess of the reasonable amount of the buyer's household. The profit which sugar dealers may make is restricted to two cents a pound, or 5 per cent. The practice of advancing prices on stocks when refiners' prices advance is prohibited, and the system is ordered of fixing the price of sugar at a profit of 5 per cent., based on the average invoice cost of all sugar in stock at the time of sale.

Two cents a pound over refiners' prices at Montreal, Chatham or Vancouver, central points for the three districts of the Dominion is declared to be the maximum profit. With the refiners' price now standing at 21 cents or under, a retail price of more than 23 cents a pound is declared to be an unfair profit-taking on general sales, and in cases where the sale of one-pound lots may involve a loss for the dealer, a special price of 22 1-2 cents a pound may be charged, or the dealer may refuse to sell less than four pounds at a time, and may charge no more than 93 cents for the four pounds, or may require the purchase of two pounds, charging 47 cents for those two pounds. In special cases where a spread on refiners' prices may necessitate higher prices, a maximum price of 95 cents for four pounds is fixed. Wholesalers are

⁹² From GAMBLING BLAMED FOR SUGAR CONDITIONS BY BOARD OF COMMERCE. (1920, June 15). *The Border Cities Star*, p. 1.

⁹³ From STRICT SUGAR REGULATIONS. (1920, June 19). *The Daily Province*, p. 30.

restrained from charging a percentage higher than refiners' prices, which will prevent retailers from selling at the prescribed 5 per cent. profit.

All these prices refer to granulated sugar. Icing sugar, lump, and sugar in cartons are excepted.

REFINERIES REGULATED

Drastic regulations are made for the handling of raw sugar. The Canadian refineries are forbidden to sell raw sugars up to September 30, next, except to another refinery, or with special permit from the Board of Commerce. Refineries are required to file with the board copies of every contract for raw sugar. [...]

Refiners are also restrained from increasing their price on granulated sugar without the consent of the board, which means that until such consent is obtained, the retail price to the consumer of sugar stands at 23 cents a pound on an average, and not more than 23 3-4 cents a pound in special and isolated cases.

The order is made under Section 26 of the Board of Commerce Act, and persons indicted under this regulation will be prosecuted by the attorney-general of the province in which the offense is committed.

Retailers are billed at the refiner's price⁹⁴ (June, 1920)

The ruling of the board of commerce issued on Saturday will not affect the prices of sugar in Regina, according to the statements of manufacturers' agents, wholesalers and retailers. Boiled down, stated one wholesaler yesterday, the order merely requires the retail man to sell at no greater profit than two cents a pound and that is what retailers have been doing here with this commodity.

In all cases the retailer is billed for sugar at the refiner's price, the wholesaler only getting a commission by way of a discount on invoice total price. The wholesaler in turn, bills the retailer at refiner's price, so that the retailer is able to sell at a two-cent margin.

"Sugar Has 3 Prices"⁹⁵ (June, 1920)

Questioned regarding the local sugar situation, J. F. Smythe and Company expressed the opinion that there would be no shortage in the Border Cities as there was considerable sugar coming in, and he believed that many people had put away a bag or two to tide them over a rainy day.

Asked about the effect which the recent action of the board of commerce in limiting the profits of dealers would have, Mr. Smythe stated that it meant that the wholesalers would have a profit of one cent per pound on granulated sugar, while the retailer would have two cents a pound.

⁹⁴ From SUGAR PRICES WON'T CHANGE BY NEW ORDER. (1920, June 21). *The Regina Morning Leader*, p. 18.

⁹⁵ From Despite Figure Fixed by Commerce Board Sugar Has 3 Prices. (1920, June 21). *The Border Cities Star*, p. 3.

The maximum is fixed at 23 cents a pound, plus freight if any is paid, and the wholesalers sell to the retailers at 21 cents.

This morning a representative of The Star bought a pound of sugar in three well known grocery stores of the Border Cities. A store in Sandwich was asking 25 cents a pound for granulated sugar, in a Windsor store 26 cents was the price paid, and in Walkerville 24 cents.

In one store sugar was sold in two-pound packages at 26 cents a pound. Several stores did not have any white sugar, but were offering brown sugar at 22 cents a pound, while several grocers had no sugar of any kind, and had been out of it for some time.

“Dealers may refuse to stock it⁹⁶ (June, 1920)

The announcement from Ottawa that the British Columbia Sugar Refinery has been incorporated under Dominion charter for \$10,000,000 was explained Saturday by Mr. J. W. Fordham, president of the local refinery, as being necessary in the fact of the fact that the local refinery is doing a Dominion business and its operations are not confined to British Columbia.

Mr. Johnson gave no explanation of the rise in price of sugar yesterday of \$2 per hundred, the quotation now being \$21 per hundred. A spread of 4 cents per pound has existed for some time between the wholesale price and the retailers' price, but the retailer has been selling at 23 cents. The new order of the board of commerce limiting the spread between the refinery price and the maximum retail price to 2 cents, has upset the retail trade a little, but the majority of the merchants refuse to discuss the matter until they have had a general conference of the trade.

One merchant admitted that he considered 2 cents a pound insufficient to pay for the handling of sugar and intimated that the retail dealers may refuse to stock it except in hundred-pound sacks, as the profit of 2 cents per pound was not enough to pay for re-sacking and delivering.

BROKERS FEEL ORDER

Brokers who have sugar rolling in for futures were the hardest hit by the order if no limitations are made to cover their case. One broker stated that, as the sugar coming in is all under license from the Dominion government, it cannot be possible that the government would restrict the sale of his sugar to prices lower than what it could be imported for.

Another broker pointed out that the legislation must have been based on the Montreal market, as the Java and other Pacific markets are quoting over the retail price set by the board of commerce f.o.b. Vancouver, therefore this sugar cannot be sold at the fixed price. This importer also explained that all brokers will be confined to selling to manufacturers, and a repetition of last year's sugar troubles are liable to occur where the manufacturers and jam factories will have plenty of sugar while the retailer will have empty shelves.

⁹⁶ From GROCERS MAY CEASE TO DEAL IN SUGAR. (1920, June 21). *The Vancouver Sun*, p. 13.

“Twenty-four cents per pound”⁹⁷ (July, 1920)

Ottawa, July 20. – In an order issued by the Board of Commerce this afternoon, approval is given by the board to the action of sugar refiners fixing prices at twenty-four cents per pound. It is also provided that the sale of granulated sugar at a price higher than twenty-six cents per pound, plus freight, if any, will be held by the board to have been made at a price which includes an unfair profit.

“Cut short profits and let losses run on”⁹⁸ (October, 1920)

There is a stock market maxim enjoining the speculator to cut short his losses and let his profits run on. Parliament, by the means of the Board of Commerce, has reversed the process to make it run, “cut short profits and let losses run on.” The inherent flaw in price fixation by Government agency, as we have repeatedly pointed out, is its inability to limit losses in a failing market. Sugar is a case in point. Short supply, the apprehension of steadily advancing prices, and an abnormally large legitimate demand, coupled with considerable speculative hoarding, have produced during the last twelve months unexampled quotations for the article, which in degree has contributed to the high cost of living; and to still the popular outcry of protest, perhaps to fulfil the purpose of its creation, the Board of Commerce undertook to limit the profits of sugar refiners and sugar dealers. Now that prices of sugar have slumped, receding within a few weeks no less than 50 per cent, refiners and grocery merchants stand to sustain losses on stocks afloat and in store, without the means to meet the same the profits of a free market would have yielded. The case affords an example of the harm meddlesome legislation does in the domain of legitimate business.

The refiners are reported to be looking to Ottawa for relief. The Government can do nothing to lessen prospective losses, and the Board of Commerce does not function in a declining market, because the direction of Parliament is to curtail profits and allow losses to run on. Refiners and dealers must take the consequences of the condition. If sugar can be imported from the United States cheaper than it can be purchased in Canada, importations will be made and Canadian refiners will require to meet the competition. No new protection can be given the latter, who can reasonably request nothing more than the enforcement of the tariff law. If American sugar is dumped into Canada, which is improbable, the anti-dumping provision of the Tariff Act will operate; but subject to this law placed on the Statute book many years ago American sugar may and will be brought into Canada so long as the importation is profitable.

⁹⁷ From HIGHER SUGAR PRICE ALLOWED TO REFINERS. (1920, July 21). *The Montreal Gazette*, p. 1.

⁹⁸ From SUGAR. (1920, October 11). *The Montreal Gazette*, p. 12.

Consumers have not fared ill at the hands of Canadian refiners, nor by reason of tariff protection. In normal periods and through many years sugar has been sold as cheap in Canada as in the United States, while for several months past the Canadian price has been the lower of the two. At the moment it appears that American refiners' price is below that of Canadian refiners, and may possibly so continue until stocks purchased by the latter at or near peak prices have been exhausted, when parity of prices in the two countries will again prevail. Raw sugar in Cuba and other producing countries has rapidly receded until the price approximates rock bottom, as determined by cost of production and transportation; and prices of refined will necessarily relapse proportionately. The fair grievance of Canadian refiners and dealers is that they are required to meet indefinite losses out of restricted profits, but this is a circumstance quite beyond the power of the Government to alter.

“Protect the Canadian refiners”⁹⁹ (October, 1920)

Sir, – Much as I admire your usual fairmindedness and value the invariable soundness of your judgment I must take exception to your kicking the sugar refiners when they are down, as you did in your editorial in today's Gazette.

You rightly reaffirm your disapproval of the Government interference with the law of supply and demand, but instead of maintaining that the Government should assume the responsibility of its own wrongful act in limiting the price of sugar in Canada when the market called for a higher price by devising some plan by which the refiners can be protected from excessive loss and unnecessary outside competition, you simply say that the refiners must take the consequences.

No matter what effect such an action might have politically, I say that the Government has obligated itself to prevent disaster to those who by its creations, the Trade Commission and the Board of Commerce, have been placed in a cruel and serious position. The only thing that the Government can do is to put an embargo on the importation of any refined sugar until the refiners have disposed of their stocks, which they had to buy at high prices by dictation from the Government.

The consumers would not suffer by having to use only Canadian sugar, even if it cost a little more, as the sugar made by the Canadian refiners is of much higher quality than American and the dealers will make just as much on the turnover of the Canadian product as they would if they brought in American refined. The Board of Commerce order limiting wholesalers to five per cent. and retailers to two cents per pound profit still stands, and surely Canadian merchants would rather make this on the home made than the foreign article.

Memories are proverbially short, but it should still be fresh in the minds of everybody that Canadian sugar was sold in Canada this spring and early summer at

⁹⁹ From Anderson, R. (1920, October 13). Sugar. *The Montreal Gazette*, p. 12. Written by Robert Anderson (d. 1932), then at the time wholesale merchant, broker and jobber, dealing in sugar, molasses, syrup & more.

ten cents and more per pound less than the people of the United States were paying for their sugar, and the sacrifice was made by Canadian refiners. It, therefore, is not too much to ask consumers ungrudgingly to pay the price the refiners must now charge, at which they are already making a serious financial loss, and let the people both thank and blame the Government.

The Government was very ready to impose an embargo on the export of Canadian sugar, and should not hesitate equally to protect the Canadian refiners by preventing American sugar from coming into Canada.

I write this because I know the harm the Government did by sanctioning the actions of the Trade Commission and the Board of Commerce, also because I appreciate the refiners' position, and not from any selfish motive as it would be to my personal advantage if I imported American sugar, but I consider it too unfair to the Canadian refiners, under existing conditions, to create outside competition against them in their own market.

“Importation of Sugar is Prohibited”¹⁰⁰ (October, 1920)

This was the ‘intolerable order’ that brought down the Board of Commerce. Seeing that the export embargo had resulted in a surplus of Canadian sugar, the Board sought to compensate the refiners for their losses by prohibiting the import of sugar.

The fixing of the retail price of granulated sugar at a price not higher than twenty-one cents per pound, plus freight, and the prohibition of the importation of sugar, are the features of an order issued last evening by the board of commerce of Canada dealing with the refined sugar situation. The order remains in effect until the end of the present year. [...]

The Board of Commerce also issued a lengthy statement reviewing the sugar situation and setting forth the reasons for the issuance of its order. In this document, it is stated that [...] it was the duty of the board not less to protect the trader on a falling market than to protect the consumer on a rising market.

The board points out that all the sugar refineries in Eastern Canada have closed because of the fact that, owing to the embargo on exports, which was put on to protect the consuming public, they have excess supplies on hand. Values of sugars bought and to arrive under these conditions are placed at approximately 60 millions. [...] The board statement follows:

“The sugar situation in the United States and Canada continues to present many difficult aspects. Distress sales have been responsible in part, but not wholly, for a quick fall in prices in the United States. Some sugar has been during recent weeks imported into Canada from the United States, the difference in price covering exchange, duty and freight, and still permitting the importer to sell, if he chooses, somewhat below the ruling Canadian price. Were cheap sugar thus imported on a

¹⁰⁰ From IMPORTATION OF SUGAR IS PROHIBITED. (1920, October 14). *The Border Cities Star*, p. 11.

large scale from the United States, the Canadian refiners would necessarily be put temporarily out of business. All the refineries in Eastern Canada have closed their doors, and their 2,000 employees are on the street. When they will re-open is uncertain. This situation is a result, however, of a number of conditions preceding the break in prices in the United States, and recent importations of sugar from the United States have little to do with it.

“When, some time before the close of the war, there was an almost universal shortage of sugar, sugar refiners of Canada co-operated with the Dominion government in an endeavour to protect the Canadian consumer in these matters, and it was as a result of this co-operation that throughout this trying period Canadians felt but in slight degree the shortage of sugar, and secured sugar until recent weeks at a cost below the price obtaining elsewhere. [...]

“In 1919 Canadian sugar men bought heavily of low-priced sugar, expecting to market the surplus profitably by export. This was, however, prevented by an embargo on export, and Canadians had the benefit of cheap and plentiful sugar. When the embargo ceased to exist the refiners, at the request of the government, still refrained from exporting sugar, though the price in the United States remained for some time several cents above the Canadian price. The Canadian consumer had before the peak of sugar prices in Canada was reached, bought more heavily than usual, and has been, as a rule, well stocked during the past summer. Canadian refiners were compelled by the conditions of the trade to continue to buy though at high prices, and have been heavily stocked, while, on the other hand, the Canadian consumer, being better provided than usual, and hoping for lower prices, has refrained from buying. As a result, the stock of Canadian refiners has, during the past two or three months, been almost stationary, their transactions being one-tenth of the customary volume during that period.

“The values of sugars bought and to arrive, are estimated at approximately \$60,000,000. The sugar situation at its best has many highly speculative aspects. Losses of many millions of dollars within the next few months are certain and must be accepted by the refiners. The actual situation with which, however, the refiners are confronted is beyond their resources. A fall of Canadian prices to present United State levels, plus exchange and duty, etc., entails a prospective loss to the refiners of great magnitude. This would be commercial disaster so serious that there would be little hope of limiting its effects to a single interest or to the few important establishments directly concerned. [...]

“The board’s order, apart from the immediate reduction to \$18.50 per hundred pounds to wholesalers, providing for reasonable profits of wholesalers and retailers and permitting of maximum retail selling price of twenty-one cents per pound, will have, and is intended to have the effect of preventing the purchase of refined sugar outside of Canada, thus permitting the marketing at a loss, but not a ruinous loss, to refiners of the refinery stocks on hand and increasing the prospect of a speedy resumption of operations on the part of the Canadian refineries.

“References may properly be made also to the bumper beet crop of Ontario, placed at 400,000 tons. The price which the farmers of Ontario receive is based

necessarily on the price at which refined sugar is sold. Each reduction of one cent represents a loss to the Ontario farmers, therefore, of \$400,000, and in the view of the board of commerce of Canada, it is undesirable that the farmer should by the importation of cheap foreign sugar be wholly deprived of the advantages of his bumper crops.”

“General condemnation in the trade”¹⁰¹ (October, 1920)

The action of the Board of Commerce in barring from Canada the low priced sugar now being offered on the United States market, met with general condemnation in the trade.

“Customers stated they had been purchasing their sugar supplies in hand to mouth fashion in expectation that by doing so they would contribute to the reduction in prices, and now they find the refineries get the Government to compel people to lose the benefit which should have resulted from their care. This fiat is the most unpopular action yet attempted,” said one prominent merchant.

CHEAP SUGAR PLAN KILLED

Another merchant said the new regulations would put an end to negotiations, now under way, for the importation from Seattle of a large amount of cheap sugar for distribution in Victoria. He said that there would already have been low priced sugar on the market, in competition with the Canadian made article, had it not been that efforts to secure the passage of a consignment through the customs had met with unaccountable obstacles from officials.

A BARGAIN INDEED

A third merchant stated that he had this morning been shown a package of nine and a half pounds of sugar which a Victoria citizen had yesterday purchased in a Seattle store for \$1, an average of less than 11 cents per pound, a price which he admitted was a special bargain, but indicative of what was in sight to the south of the line.

Local sugar prices will not rise as a result of the new regulation, according to general opinion, but the hope of cheaper sweetening, brought about by the economy of careful housewives in a nation-wide effort, are considered by practically all marketers who have discussed the question this morning as having been ignored in favor of protecting the investments of large corporations and banks with heavy loans outstanding of sugar security.

REASONABLE, SAY WHOLESALERS

On the other hand, the attitude of the wholesalers on the question is that Governmental regulation, for months past, prevented the price of sugar from soaring to the fantastic heights reached to the south of the border, kept the margin of refining profit down to a stringent minimum, and prevented the accumulation of a surplus

¹⁰¹ From SUGAR IS SUBJECT OF MUCH COMMENT. (1920, October 14). *The Victoria Daily Times*, p. 15.

from high prices to be applied to writing off later losses, when reductions came through changed conditions in the world markets.

TAKE LOSSES ANYWAY

It is felt that the institution of a maximum price will have little effect, the refiners will have to take heavy losses through the conversion of raw sugar, contracted for at high prices months ago, into marketable goods at lower figures, and the main result will be to provide a ten weeks interval ending December 31, during which the present flattened United States market will not be able, by dumping, to bring the Canadian refineries into financial rough water.

“Protection is unnecessary”¹⁰² (October, 1920)

Chatham, Ont., Oct. 15. – While the small fry in the positions of retail grocers and consumers come forward unhesitating with statements as to the future effects of the present board of commerce sugar price ruling, a cloud of absolute reticence overhangs the office of the Dominion Sugar Company, the local big interests swayed by the board’s all-important announcement of yesterday. The Dominion Sugar Company refuses to discuss the question one way or the other. Hubert Smith, secretary-treasurer of the industry, last night, maintained that no statement could be issued for the simple reason that the ruling had been in operation but a single day and as yet the company here could not determine just how and to what extent it would be affected. The same sphynx-like stand was taken by officials of the Wallaceberg plant with whom *The Star* was also in touch.

Opinion among the retail grocers differ as to the after effects of the board of commerce’s declaration. The majority of leading retailers interviewed by *The Star* agreed on one point, that the consumer was not getting exactly a just deal. As far as the grocers themselves were concerned, it was generally conceded that their interests would not be altered one way or another.

It is widely believed that this section of the country, particularly Kent county where sugar beet growing is conducted on a very large scale, will derive considerable benefit from the new rulings, in so far as the price of beets will undoubtedly range from fifteen to eighteen dollars. “In this way,” declared ex-Mayor John McCervie, one of Chatham’s prominent grocers, “thousands of dollars will be saved Kent county.” Mr. McCervie went on to say that the new price fixing would greatly aid this part of the country, but whether or not it was a square deal, from the viewpoint of other parts of the province, he could not assert.

That the board of commerce acted in the only manner possible, from the side of justice, was the opinion expressed by ex-Mayor William Anderson, another leading retailer. He made admission that the grocers themselves would be but slightly affected, and emphasized the fact that the board of commerce was only carrying out a promise made the manufacturers. The board had been pledged to do this thing and they were but fulfilling the pledge. While consumers might feel opposed to the ruling

¹⁰² From FIRMS SILENT ON NEW RULES. (1920, October 15). *The Border Cities Star*, p. 21.

it was up to them not to overlook the fact that their interests were taken care of in a simple way by the board not so long ago. Moreover he pointed out there was a time when sugar was selling at 30 cents in Detroit and it was available here at 20 and even below. Chatham consumers were not in the same position as Windsor consumers and naturally they would be affected in a different way.

UNNECESSARY

“It looks like protection where protection is unnecessary.” In this way Ald. Mindorff, Queen street grocer, sums up the action taken by the board of commerce. In conversation with the Sun, Mr. Mindorff declared that he had anticipated this move for some time but had earnestly hoped it would never come to a head. Both sides of the question, he admitted, had to be considered. One phase only turned him against the board’s stand; he was a little doubtful whether the manufacturers always adhered to the letter of the orders received from the government fixing prices when prices were advancing. He believed that the manufacturers made considerable money this way during the war. They are now being given protection when it is not needed. They should take their losses just the same as any one else. At the present time, Ald. Mindorff declared, sugar has gone away down on the other side and the people here have the right to look for a decrease. It is purely a question of supply and demand. To all appearances the government is saving money for the manufacturer at the expense of the consumer.

Another leading merchant who coincides in the belief that the consumer is not getting a square deal and is being saddled with new regulations, is H. Malcolmson. “This price fixing affects us in one way only and that is that it is very unjust to the public,” he stated.

There is a difference in contention as to the extent of sugar the Dominion people may have on hand. One grocer stated that it was his belief that the Dominion plant had disposed of all their raw stuff before the present beet season opened in full swing. Another reported that he had been informed that a large quantity of cane sugar had been brought in only recently. Why the Dominion company had not dropped their prices when they saw this inevitable loss facing them, he could not say.

MAY REDUCE PRICE

There is a difference of belief as to what action will be taken by the Dominion people with the beet crop one of the heaviest in years, and there is a possibility that the current system of crop price fixing by the monthly high rate scale, will necessitate paying a price of \$18.00. There is an undercurrent of feeling that the manufacturers here may reduce the price of sugar during the last three months of the year.

“Government and sugar”¹⁰³ (October, 1920)

Editor Province, – Is it the government’s policy to protect all industries against declining markets, which are world-wide at the present time? If not, it is to be hoped that very strong protests by the various public bodies in Canada be made against the action of the Board of Commerce in prohibiting the importation of sugar except through a refiner until the end of the year. This means the total prohibition of the importation of all sugars except raws, as all our refiners certainly would not import any sugar until they had liquidated their present stocks.

It is a most extraordinary state of affairs when a small number of refiners can go to the government and have the government grant them such a sweeping concession as they obtained without the government first hearing both sides of the question. I note that the government states, “Protests may be entered until Oct. 31, 1920,” but in the meantime between now and Oct. 31, the damage will most likely have been done, as in the meantime the price may be raised in the United States and our own consuming public will not have been able to take advantage of a saving of millions of dollars to them.

We all know the price of sugar was controlled in Canada last year for a while and we were supposed to have been much better off than any other country, regarding sugar. Most likely a large number of housekeepers and manufacturers in and around Vancouver have scarcely forgotten how plentifully we were supplied in Vancouver and would probably disagree very widely with the contentions of refiners.

Why are the refiners not more frank with the public and take us, to a certain degree, into their confidence, as this matter concerns us all? They might easily publish their statements showing the profits for the years 1919 and 1920, certified by a chartered accountant. I would venture to say that, with probably very few exceptions, their profits have been enormous. If such is not the case, and the refiners have been acting as public benefactors, surely the public will bear the loss with them.

What are the facts of the case, as far as one can judge from surface conditions? About a year and a half ago the large sugar interests began to talk shortage of sugar, and unquestionably the world’s supply of sugar was not sufficient to go round. Through the aid of that age-old law of “supply and demand” which was called in to help and worked extremely well both for the growers, refiners and speculators as long as the market was rising, but certainly very much to the disadvantage of the consumer, the prices of sugar soared to unprecedented figures.

At present we hear nothing about the law of “supply and demand.” However, underlying causes of financial trouble in Japan and the calling of loans of speculators in the United States by their banks, more or less upset the calculations of the refiners,

¹⁰³ From Woodward, W. C. (1920, October 15). Government and Sugar. *The Daily Province*, p. 11. Written by William Culham Woodward (1885 – 1957), who would serve as Lt. Governor of B.C. from 1941 to 1946.

inasmuch as tens of thousands of tons of Java sugar¹⁰⁴ and domestic sugar were thrown on the American market, the Americans being the largest consumers in the world and most adjacent to Japan, with the consequence that the American market was glutted and the American refiners were obliged to drop their prices to meet a new condition of affairs. Although sugar was controlled in the States we did not have the American Government zealously guarding the profits of the American refiners and keeping out the foreign sugars.

Possibly the refiners have a very strong case, but we should like to know something about it before we go down into our pockets to help them. Apart from the injustice as we see it, the precedent set by the Board of Commerce is a very dangerous and unfair one. As all the world knows, and no matter how we try to disguise the fact or cover it up by plausible excuses, the prices of all commodities, with very few exceptions, are on the downward grade and some very drastically so. As for instance, rice, which dropped \$75 a ton practically over night, and many others, for example, wheat and also cotton which is now 20c a pound, six months ago was almost 40c; rubber, which is stated to be sold on the New York rubber exchange cheaper than at any time since 1912; also woolens, tea, and a number of other basic commodities.

Is the government going to protect the farmer against a decline in his product, the manufacturers against a decline in his raw materials, the wholesaler against a decline in the price of his stock, and the retailer against declines in the prices of his stock? If so, and we have as much right to expect it as the refiners, when are we going to have the cost of living lowered?

Also, does the government realize just what the order of the Board of Commerce means, and how necessary, in the life of a nation, cheap sugar is? I will venture, without much fear of contradiction, to state that, take the world as a whole, sugar and sugar products are more essential than any other foodstuffs. Approximately 15 per cent. to 20 per cent. of the sales of a grocery store not dealing in produce, is sugar. Sugar enters into the manufacture of practically 50 per cent. of the things we eat. Will the government protect our jam factories against the importation of cheaper jams from the United States, Australia or New Zealand? I think not.

The salient fact is that sugar can be brought into Vancouver to retail at approximately 16 cents a pound, and just as good sugar as any refined in Canada, and to protect our five or six refiners in Canada, the Canadian public are obliged to pay 20 or 21 cents a pound. What is the public going to do about it?

¹⁰⁴ "All the way from the Island of Java [...] sugar refiners and growers are hurrying their crops to the United States in order to find a market before the bottom drops completely out of the price. Java sugar is [...] forcing the hand of the sugar barons of this country, who have held consumers up and forced them to pay for many months the highest prices in the world. [...] Sales of Java sugar are being made by retailers as low as 13 3-5 cents a pound, while the wholesale price of best domestic sugar is 15 cents a pound." Cohen, H. H. (1920, October 4). JAVA SUGAR TO TEAR UP PRICES. *The Oregon Daily Journal*, p. 1. Written by Hyman H. Cohen (1884 – 1944).

Unpopular¹⁰⁵ (October, 1920)

The Board of Commerce appears to be about as popular as smallpox.

The order suspended¹⁰⁶ (October, 1920)

Ottawa, October 14. – Before the order of the Board of Commerce fixing a maximum price for sugar and restricting trade in that commodity to purely Canadian channels, had been a day in operation, it was suspended by the Government pending a public hearing by the Cabinet itself of the arguments for and against regulation at the present time. The Government bases its action on a report by the Minister of Justice expressing his conviction that the Board of Commerce had no statutory power to promulgate such an order. Furthermore, the Minister and the Government hold that the power conferred upon the board were never intended to be exercised “to restrain for the purpose of enhancing or maintaining prices, buyers or sellers of commodities from dealing with the public at large, and to limit them to buying or selling from or to only certain specified classes of the community, with the effect of practically prohibiting importation into Canada.”

“Not selling any sugar”¹⁰⁷ (October, 1920)

The big refineries, the Acadia and Atlantic in the Maritime Provinces, and the St. Lawrence and Canada refineries in Montreal are closed, and it was stated yesterday that they would remain closed until the situation cleared in some way. More than that, the big refineries are not selling any sugar, and it was declared yesterday by representatives of the refining interests that they would not sell until they could – which obviously meant that they would not sell until they could sell at a profit, or at any rate without a loss. [...]

“One thing is sure,” said Mr. [Huntley R.] Drummond[, of the Canada Sugar Refinery]. “The Board of Commerce has caused tremendous losses to the sugar refining industry, through its regulations preventing previous prices. Now we are faced with a crisis, and reparation must be made in some way, or the industry will be ruined. Ours is a peculiar case. [...] There is no other Canadian manufacturing industry in the same position, because they were not regulated as we were. If we had been let alone no one would have heard a peep from us. The ordinary manufacturer could take advantage of the rise or fall of the market, but the Board of Commerce held us back when the market afforded profits, and now that the turn has come with such a dropping of the bottom of the market, we are entitled to reparation in some way.”

¹⁰⁵ Editorial Comments. (1920, October 15). *The Border Cities Star*, p. 4.

¹⁰⁶ From SUGAR ORDER IS SUSPENDED BY GOVERNMENT. (1920, October 15). *The Montreal Gazette*, p. 1.

¹⁰⁷ From SUGAR REFINERIES TO REMAIN CLOSED. (1920, October 16). *Montreal Gazette*, p. 4.

“A chief or incidental ingredient”¹⁰⁸ (October, 1920)

The sugar men in their zeal for their own interests have entirely ignored the interests of their customers and also, it will be eventually seen, the interest of the Government which through its Board of Commerce gave them their “pap.”

The manufacturers of confectionery, biscuits, bread, tobacco, condensed milk, jams and other lines using sugar as a chief or incidental ingredient are all “bumped” by this order – and their American competitors by reason of their buying advantage are practically invited to come over and take large slices of their legitimate market. [...] If the Government is going to put the few wealthy families who control the sugar interests on “easy street” at the expense of multitudes of ordinary and special consumers – why not help those of us in the confectionery business, and indeed all who are in trouble of any kind, real or pretended?

One reason why is that others have more sense and sand to ask such manifestly unreasonable favors and also more self-respect. [...] This sugar order is the final act of an unsatisfactory and now dangerous Government department. The Government is responsible. Let it rid itself of the trouble and give effect to its own principles of reasonable protection without fear or favor.

“Another Sugar Protest”¹⁰⁹ (October, 1920)

HALIFAX, N.S., Oct. 19. – The Wholesale Grocers’ Guild of Nova Scotia has sent a strong letter to the Dominion government, protesting against any fixing of prices.

“The Refiners’ Claim”¹¹⁰ (October, 1920)

The refiners argue for protection and compensation for lost income.

[We,] the sugar refiners, contend that [we] have on hand and under purchase due to arrive during 1920, three hundred and sixty-six million pounds of sugar, representing an investment of over \$63,000,000. [We declare that] of this sugar, approximately 80,000,000 pounds represents sugar to be manufactured from beets grown in Canada, which must be marketed before the end of January, 1921, the remainder being cane sugar, bought at an average cost laid down at the refineries of 19 cents a pound. That 19-cent raw sugar is the equivalent of a 22-cent refined cost, exclusive of any profit. That the refiners are asking 18½ cents a pound for this refined sugar, which has cost them 22 cents a pound. That the amount of refined sugar in

¹⁰⁸ From P.C. (1920, October 18). A Criticism of What Might Have Been. *The Montreal Gazette*, p. 10.

¹⁰⁹ From ANOTHER SUGAR PROTEST. (1920, October 19). *The Edmonton Journal*, p. 9.

¹¹⁰ From Drummond, H. R. (1920, October 20). THE REFINERS’ CLAIM. *The Ottawa Citizen*, p. 1. Largely the statement of Huntley Redpath Drummond (1864 – 1957).

their hands and to be manufactured to the end of the year is approximately 280,000,000 pounds. That at the price of 18½ cents a pound this represents a loss to the refiners, already made, of 3½ cents a pound on 280,000,000 pounds of sugar, or \$9,800,000. [...]

“But,” we are told by many of the newspapers and the public, “admitting for the purpose of argument what you say, isn’t the situation of your own making? Haven’t you been running your business according to your respective capacities and making at times colossal profits? Upon what ground do you now ask for the assistance of the government in an attempt to discharge part of your losses upon a suffering public?”

We answer, first, that the situation is not of our making, that for a long time we have been running our business under government direction; and, second, that none of us have made colossal profits and that some of us have made no profits at all.

So far as profit-taking is concerned, we have, during the greater part of the last twelve months, been restrained by a government agency, the Board of Commerce, which, in April last, computed, with approximate correctness, that its restraints upon the refineries had lessened their earnings, to the advantage of consumers, to the amount of over twenty million dollars. Like restraint, since exercised, represents, we have no doubt, an additional ten million dollars. Of all of this amount the consumers of Canada have had the benefit.

We had asked the board that we be allowed to sell on the basis of the replacement cost of our raw material. That is to say, that when raw sugar was costing us in Montreal approximately 24 cents a pound and we were at the same time selling refined sugar at 21 cents on the basis of the actual cost of the raw sugar then being used, instead of at 28 cents a pound which would have been the price on replacement valuation, we asked the board to permit us to sell at or near the replacement value, which is the common usage. We pointed out that unless we were permitted to establish reserves with which to meet the inevitable losses that would follow on a falling market, which was bound to come, we would meet with disaster. The board admitted the soundness of our contention, but refused our request. They answered that they would protect us on a falling market to the same extent that they had protected the consumers on a rising market, so that we would not be driven into selling upon a replacement value in such a market.

EXCESS SUGAR STOCKS

We have been criticized for having too much sugar on hand. Admittedly, if the refineries had no sugar on hand they could probably go out into the market and secure limited quantities of sugar at the present time at a price that would enable them to compete to some extent with the foreign producer. But how comes it that they are greatly overstocked with sugar? Their situation in this respect is directly due to the action of the Canadian Trade Commission, which directed them, from time to time, to purchase various quantities of raw sugar, irrespective of their own judgment, in the belief that a sugar famine threatened and for what the Trade Commission undoubtedly believed was the protection of the Canadian public. It is to be noted that

there was an almost universal belief at the time that a two or three years' sugar famine was inevitable.

CAPITAL AND PROFITS

Now as to the capital of the refineries, the profits alleged to have been made by them and their ability to respond to their losses. The aggregate capitalization of the eastern refineries represented here is fourteen million two hundred and fifty thousand dollars. From 1913 to 1919, inclusive, taking in the entire war period during which abnormal profits were the rule in practically all industries, the aggregate net profits of these refineries amounted to six million dollars, or less than one-fifth of a cent per a pound on their total output of sugar. A report made by Mr. O'Connor, cost of living commissioner, in 1917, which exhaustively reviews the operation of all the refineries during the years 1913 to 1916, inclusive, [...] bears out this statement, as do the records of the several companies concerned.

These are our alleged colossal earnings. As regards the present year, it is utterly impossible at the present time to state, except that it will depend very largely on the action of the government. If we can obtain no relief we firmly believe that the refineries will be subjected to a serious loss on the current year's business.

It is necessary for us to stress the utter futility of Canada, with sixty million dollars' worth of sugar in its bins, proceeding to buy more from an exterior source when to do so, apart from other considerations, would only serve to aggravate our already serious adverse exchange situation, which is even now costing Canadian consumers on their sugar alone over ten million dollars a year?

THE CONSUMERS' SIDE

The reason advanced for interfering with the Board of Commerce order is that Canadian wholesalers of sugar should be enabled to purchase their supplies at 15 cents a pound, alleged to be the United States price for sugar laid down in Canada, instead of at 18 1-2 cents a pound, the Canadian price. Canada's annual per capita consumption of sugar is less than 75 pounds. The issue with which we are confronted is at the extreme outside with respect to 3 1-2 cents a pound over a period of seventy days. Maintenance of the board's order, that is maintenance of the present Canadian price, would mean that it will cost each consumer fifty-one cents between now and the end of the year. If the Canadian price were fixed at 17 cents, instead of 18 1-2, it would cost him 22 cents. On the other hand, if he is relieved of paying it, the losses of not merely the refiners, but of the country at large, will run into millions. Will he refuse to contribute the outside fifty-one cents in order to restore three thousand or more idle refinery workers to profitable employment, preserve himself from future domination by United States sugar interests, and insure an orderly instead of a precipitate reduction in prices?

SUGAR BEET FARMERS

The sugar beet farmers of Ontario are also entitled to consideration, since to them a reduction of a cent a pound in the price of sugar means in aggregate a loss of four hundred thousand dollars on this year's crop.

Beets and Dominion Sugar¹¹¹

Unlike other refiners, the Dominion Sugar Company had its own substantial, local source of raw material under a flexible contract that would give the company a cost advantage in case of a fall in the price of refined sugar.

While all eyes have been turned on the cane sugar refineries, little attention has been bestowed on the very substantial beet sugar industry of Canada. When one company's group of plants turns out 80,000,000 pounds of beet sugar in a season, as will be done from the present crop, this industry is well deserving of recognition. This year will constitute a record in the raising of sugar beets in Canada and the manufacture of sugar therefrom. Indeed the production of beets, it is estimated, will be more than double that of last year, or close to 400,000 tons. Out of this crop there can be manufactured 40,000 tons, or 80,000,000 pounds of refined sugar. The figures officially supplied *The Financial Post* are as follows:

	Acres planted	Tons Beets
1919	18,785	180,000
1920 (estimated)	35,000	385,000

SLIDING SCALE OF PAYMENT

While the cane sugar refineries have been dependent upon the fluctuating market price of raws, the beet sugar manufacturing industry has a sliding scale of payment for the beets based on what is obtained for the refined sugar, so that, unless the price slumps very low, a profit is assured.

In referring to this phase of operations, the Dominion Sugar Company report that: "Our contract for the past year has been based upon a minimum price of \$9 per ton, and an additional \$1 per ton for every \$1 increase in the price of sugar, so that, according to the price of sugar to-day the farmers will obtain in the neighborhood of \$16 per ton for their beets. It is not uncommon for a farmer to grow from 15 to 20 tons of beets per acre, although the yearly average is not much over 10 tons per acre, but even at this their returns from sugar beet growing are very satisfactory indeed. We expect to pay to the farmers of principally Kent, Essex and Lambton, over \$6,000,000 this year for the raw beet alone."

The beet sugar industry was established in 1901 in Ontario. Four factories were built at Wallaceburg, Dresden, Warton and Berlin, now Kitchener. Through lack of knowledge and financial support, all the refineries with the exception of Wallaceburg went into liquidation, it is said, and it was only through the greatest persistency of the directors that this plant was in a position to operate. In three years' time the company had lost over \$500,000, which amount the directors had to make up in extra subscriptions. Had it not been for a small bonus extended to the industry

¹¹¹ From BEET SUGAR INDUSTRY WILL PRODUCE 80,000,000 POUNDS. (1920, November 12). *The Financial Post*, p. 41.

by the Ontario Government it is probable that the entire industry would have gone to the wall.

About 1906 conditions began to change somewhat, and the price of sugar advanced. In 1902 and 1906 granulated sugar was selling at from 3½ to 4 cents per pound, so that it was really impossible at that time with a slight knowledge of business to make a very great success of it. Since 1906, however, the industry has made wonderful progress, and has increased its output from about 10,000 tons of beets in 1902 to this year of between 300,000 and 400,000 tons of beets.

The Dominion Sugar Refinery, after making a success of the Wallaceburg plant finally purchased the old Ontario plant at Kitchener from the bond holders, as this plant had gone into liquidation. After this plant had been made a success and when the business was due for expansion, they then built the plant at Chatham, which is considered one of the finest in America. Last year the Dominion Company again reached the maximum of their capacity, and it is necessary now, if the industry is to expand, to erect a further beet refinery in some substantial location in Canada. This is being considered more or less by the directors at the present time.

After the beet campaign is finished each year, the company immediately commences the operation of refining on raw cane sugars, which they import from the West Indies so that they at all times have both cane and beet sugars to sell to their customers. [...]

Another feature of the industry is that the company has been growing its own beet seed, something that was considered impossible previous to the war. This seed was all purchased in Germany and the growing of it was considered so very scientific that it was not thought advisable to commence growing either in Canada or the United States. The Dominion Sugar Company was the first sugar beet refinery to consider growing this seed in this country. Last year they grew 150,000 pounds of seed, and intend increasing the home production to a point whereby they will be independent of foreign seed entirely.

The story so far¹¹² (October, 1920)

The Board of Commerce sugar order was issued on Oct. 14. It fixed a maximum retail price of 21 cents a pound and restrained refiners from selling sugar otherwise than to wholesalers, manufacturers or retailers. It further restrained wholesalers, manufacturers or retailers from buying sugar otherwise than from the Canadian refiners. The virtual effect of the order was to stop importation of cheaper sugars from the United States.

On the day following its issue, the Board of Commerce order was considered at a special meeting of the cabinet council. The cabinet suspended the order on the ground that it was illegal. Under today's ruling, the Board of Commerce order will remain suspended. In effect, it is rescinded.

¹¹² From What Famous Order Stipulated. (1920, October 20). *The Ottawa Citizen*, p. 1.

“An abrupt conclusion”¹¹³ (October, 1920)

The hearing before the government in the sugar case came to an abrupt conclusion this morning. The refiners failed to establish a case and without calling upon the other side for a reply, Premier Meighen announced that the hearing was over and that an order-in-council would issue forthwith making permanent the government’s order suspending the action of the Board of Commerce.

OPEN MARKET NOW

In other words, there will be an open market in sugar and the Canadian householder will be able to secure supplies at whatever market conditions dictate. There will be no fixed price and no ban on importations. If sugar can be secured for less in the U.S., Canadians are free to get it there should the domestic trade be unable to make similarly favorable quotations.

The climax of the case came just when Mr. Huntley Drummond had finished reading a printed memorial setting forth the claims of the refiners. The last sentence read: “As it is now stated that there was not a warrant in law for the action of the board, we do not press for the order to be confirmed, but leave our claims for redress in the hands of the people and the government of Canada with complete confidence that justice will be done.”

It was this admission that settled things. “The legality of the government’s position being conceded, I do not see now what there is to sit on,” observed the premier. “I presume we may declare the hearing over. The order of the government suspending the order of the Board of Commerce will be made permanent.” That is all there was to this morning’s proceedings.

“Selling where and how they could”¹¹⁴ (November, 1920)

A price war begins. The first to cut prices is the Dominion Sugar Refinery.

MONTREAL, Nov. 4. – Demoralization reigned supreme in the sugar market here today, and no one, refiner or wholesaler, seemed to know what was going on. Leading wholesalers stated that, following repeated drops in the raw sugar market at New York, with the persistent course of the Dominion Sugar Refinery of Toronto, which deals in beet sugar, in underselling the cane sugar refineries, the four big cane sugar refineries here had broken away from all agreements as to stabilization of prices, and were selling where and how they could.

¹¹³ SUGAR PRICE INFLATION ORDER CANCELED BY GOVT. (1920, October 20). *The Ottawa Citizen*, p. 1.

¹¹⁴ From REFINERS IN FIGHT, SUGAR COMES DOWN. (1920, November 5). *Ottawa Journal*, p. 5.

Accordingly, the big wholesale firms here, who, in the past, have stood fairly well together, abandoned their cohesive policy, and started an orgy of price cutting today.

For a time the price ran around 15 cents per pound, and then was reduced to 14c net laid down to retailers here. A further decrease is looked for tomorrow.

It was announced independently today by the Atlantic Sugar Refinery that it had reduced the list price of granulated sugar to 15 1-2 cents a pound, while it was reported that two other refineries here were selling as low as 15 and 14.76 cents ex-store.

The Dominion Sugar Refinery is selling at Toronto down to 13.71 cents, and the Acadia Sugar Refinery is stated to be selling at Toronto at 14 cents net.

DOWN TO U.S. STANDARD

Zephrin Herbert, president of the wholesale firm of Hudon, Herbert & Co., and ex-president of the Board of Trade, said tonight that "the whole situation is that now the big refiners are competing among themselves, and, following this, all the big wholesalers are competing among themselves, with the inevitable result that this competition will undoubtedly bring about much lower prices. That is the whole result in a nutshell. Our price since noon to-day is fourteen cents a pound for standard cane granulated sugar.

"On the present basis of raw sugar at New York at eight cents a pound, the price of fourteen cents net to the retailer is about on a parity with the price at which raw sugar is being sold in New York."

Charles P. Mackclair, 311 St. James street, this city, stated that he was selling granulated sugar at 13 cents retail, exactly what it cost him buying from United States dealers.

The demoralization of the market started shortly after noon today, and from that time on every wholesaler was on edge for market conditions, altering prices at will, and selling wherever he could in what appeared to be a wild scramble to unload stocks at anything near market prices. It was stated by the wholesalers that listed prices in the present demoralized condition of the market meant nothing. The refiners were selling for what they could get.

The retailers state that they are carrying only a few bags of sugar to meet immediate requirements. The average retail price of granulated sugar in this city today is 15 1-2 cents per pound.

"At open war"¹¹⁵ (November, 1920)

If every there was an armistice among the big sugar interests, who have been at open war during the greater part of the past two weeks, it is all over now. The hatchet was never really buried, and anybody who went through the motions of burying it left marks so that it could be dug up at a moment's notice. That notice came

¹¹⁵ From DOWN GOES SUGAR; ANOTHER CENT CUT. (1920, November 15). *Montreal Gazette*, p. 4.

on Friday, when Dominion Sugar Co. lowered their prices to 12 cents, less 5 per cent., or a net price to wholesalers of 11.40, with five cents added for carriage.

Immediately following this Messrs. Hudon Hebert & Co., who have been leaders in the wholesale fighting movement, matured plans for another cut to meet Dominion Sugar Co. prices. Today the firm headed by Mr. Zephirin Hebert will be in the wholesale market with Royal Acadia pure cane granulated sugar at twelve cents net.

Mr. Hebert stated last evening that Hudon Hebert & Co. were in the fight as hard as ever, and that they had all the sugar necessary to sell at the twelve-cent flat rate to retailers, with preparations for all sorts of business today. This is a clear drop of a cent a pound on the wholesale price, and means that the firm will be selling wholesale at a lower rate than any quoted by the "big four" cane sugar refiners, who up to last notices were quoting at 13 cents, less 5 per cent., or a net price to wholesalers of 12.35 cents a pound.

"It's nobody's business but our own how our firm is able to do this," said Mr. Hebert last evening, when asked as to how he was able to sell lower than the refiners. "This is just a plan of my own, and I can assure you we are not losing money, even if we are not making much. But the Dominion Sugar Co. has started the battle over again, and is forcing the fighting, so our firm has decided to meet their competition, and carry the fight back to them. So far everything seems quiet, but I should not be surprised to see some lively developments in the sugar situation on Monday."

PRICE-CUTTING WAR

Mr. Hebert said that the Dominion Company, when they precipitated the general price-cutting war amongst refiners and wholesalers, had stated that they were reducing prices in order to keep cheap American sugar out of Canada. But that argument no longer held, because for a week the American sugar had been eliminated from the Canadian market, the prices in Montreal being at least 3 cents a pound lower than the parity of New York prices, so that it was obvious that the Dominion was after the "big four" in the battle here.

The St. Lawrence, Acadia, Canada and Atlantic refineries on Saturday were quoting at 13 cents, less five per cent., as they had been selling during the week, while the Dominion came down to 12.05, less 5 per cent., underselling the "big four" by a full cent a pound, and it was stated that they were handling both cane and beet sugars to supply all comers at that price.

The sugar war is on again, intensified if anything, both among refiners and wholesalers. Most of the wholesalers were selling on Saturday at 13 to 13½ cents, while Hudon Hebert & Co. were selling at straight 13 cents – today at 12 cents. What the other wholesalers will do in the face of this abrupt move by the Hudon Hebert firm remains to be seen. In the meantime retailers have been selling at all prices from 14 to 16 cents a pound, and it is probable that another drop will take place today or tomorrow, when the 12-cent sugar gets on to the retail market.

“Another drop in the price of sugar”¹¹⁶ (December, 1920)

Another drop in the price of sugar was registered yesterday, when one of the leading wholesale sugar firms in the city cut their prices for granulated from eleven cents to ten cents flat. This was taken as an indication that the sugar war, which has been quiescent for some time past, has broken out afresh, and that the informal armistice of the last three weeks has ended.

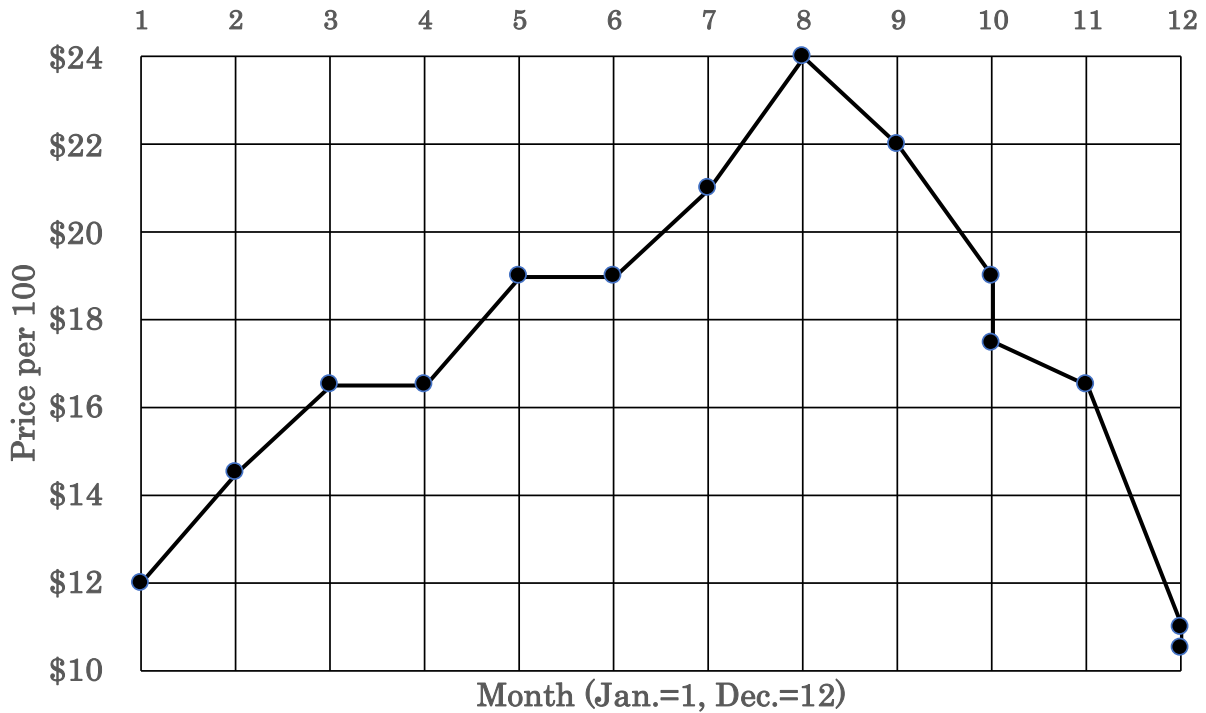
“We heard that certain firms had been quietly cutting prices,” said a prominent member of the firm which is leading the new development. “We found that this had been done, and we lost no time in meeting such competition. I may say that we at once cut our price wholesale for sugar from 11 to ten cents, and that is our price today, at which any retailer can get from us all the sugar he wants, with no string on it in the way of demands for purchases of other goods.”

The refiners were quoting granulated at a uniform price – or an apparently uniform price – of eleven cents, less 5 per cent. for wholesalers. Yet the wholesale firm in question declared that they were able to sell sugar at ten cents flat, and still not lose money.

“It is nobody’s business where we got this sugar,” said the wholesaler quoted in the foregoing. “The point is that some dealers have started the sugar battle over again, and we are in it to a finish. We have the sugar and we can sell it at ten cents, and we are selling very large amounts of it at that price.”

¹¹⁶ From SUGAR PRICE WAR BREAKS OUT AGAIN. (1920, December 22). *Montreal Gazette*, p. 4.

Epilogue: The view from 1921¹¹⁷ (January, 1921)



SUGAR IN 1920

The markets for grocery commodities were, during the first part of the year, in a strong condition with prices steadily rising. It was not until well into the middle of the year that the break came, undoubtedly attributed to the banks tightening credits. With the exception of sugar at no time was there a slump, the recessions being gradual. The most interesting feature of the year was sugar. In January refined sugar was quoted at \$14.50 per cwt., Montreal, with indications on the surface of a shortage. At the time the Board of Commerce was making a vigorous effort to keep down sugar prices, restricting retailers' profits to one and one half cents per pound and wholesalers to five per cent.

Raw sugars were in a runaway market, the planters apparently offering small quantities, quite content to sit back basking in the sunshine of high prices and watching buyers and speculators eagerly bidding for the small shipments and incidentally boosting prices to the highest on record since the American Civil War.

It was about this time, too, that the Canadian Government was advising the public to lay in stocks of sugar sufficient to carry them over the preserving season, emphasizing the fact that sugar would be very scarce, and requesting the refiners to stock up on raws. Refined sugar in the United States was then scarce, selling at seven to ten cents per pound higher than in Canada. This was tempting Canadian refiners

¹¹⁷ From Wyckoff, J. L. (1921, January 7). SUGAR UPSET THE MARKETS IN THE GROCERY TRADES. *The Financial Post*, p. 25. Written by J. L. Wyckoff (1878 – 1960).

and other holders of sugar to ship to the United States, taking advantage of the exchange and the ready market over the border, but the Board of Commerce stepped in, and prohibited the exporting of sugar from Canada.

EFFECT OF INTERFERENCE

About the latter part of February the refiners were commencing to feel the pinch of the Board of Commerce ruing, restricting their prices to a certain basis, and, with the steadily advancing cost of raws, made application to the board to be permitted to make an advance in accordance with their cost. This resulted in all restrictions, in so far as prices were concerned, being removed. The removal of price restrictions immediately sent the wholesale price of sugar up \$2.00 per hundred, which made quotations at the beginning of March \$16.50. From that time on sugar prices advanced in leaps and bounds until in the month of August they reached \$24. This high figure, however, was not long maintained, due to the fact that the sugar market in the United States commenced to slump. Prices on both raws and refined over the line were receding as fast as they had been climbing at the beginning of the year.

Sales of sugar in Canada direct from the refineries were becoming smaller, speculators and others were dumping their holdings on the market, all anxious to get out from under before the crash came. Refiners were not doing any business to any extent and they at once reduced to \$19.50. Refined sugar in the United States had also reached a low level of 11 cents per pound, which could be laid down in Canada at around 14 ½ cents, a factor that no doubt had something to do with the last two reductions.

Then came the greatest upheaval in the history of the sugar business. Canadian refiners claimed they were due to lose millions of dollars owing to the declining price of raws and the fact that the Government through the Trade Commission advised them to lay in large quantities of raws when the price was at the highest point, and then placing an embargo on exports. This left the refiners high and dry with huge stocks of raw sugar bought at high levels when the market commenced to sag. At a conference with the Board of Commerce and the sugar refineries, the board decided to prohibit the importation of American refined sugar and placed the wholesale price of sugar at \$18.50 and the retail at 21 cents per pound. This was immediately responded to by vigorous protests from all parts of Canada; wholesalers, retailers, manufacturers and consumers raised such an uproar that before four days had elapsed, the Government stepped in, and over the head of the Board of Commerce rescinded the order.

From that time, until the middle of December the sugar situation was one of complete demoralization. Depressed sugars were dumped on the market from all corners. Manufacturers, speculators and others who had any surplus sugar were offering it at almost any price they could get. The refineries were forced to close. The Canadian beet sugar appeared on the market, which had the effect of further reducing prices. This condition existed well into December when the market commenced to stabilize and prices were on an equal basis of \$10.50 per hundred weight.